

DEVELOPING A STRONG CREDIT REPORTING SYSTEM

A Toolkit for Practitioners

2018



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INTRODUCTION

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GLOSSARY

CRSP	Credit Reporting Service Provider
CRS	Credit Reporting Systems
FCI GP	.....	Finance, Competitiveness and Innovation Global Practice
GSG	.....	Global Solutions Group
ICR	.....	Insolvency and Debtor/Creditor Rights
ICCR	.....	International Committee on Credit Reporting
MSME	.....	Micro, Small, and Medium Enterprises
OECD	.....	Organization for Economic Co-operation and Development
PCB	.....	Private Credit Bureau
PCR	.....	Public Credit Registry
SME	.....	Small and Medium Enterprise

1. INTRODUCTION

1 BACKGROUND

The Finance, Competitiveness and Innovation Global Practice (FCI GP) of the World Bank Group supports regional clients and the global community in addressing their most pressing financial-sector challenges by delivering a tailored package of Bank Group finance, knowledge and advisory services, and convening services. The goal of this practice is to contribute to the building of deep, diversified, efficient, and stable financial systems, which are critical to achieving the Bank Group's goals of eliminating extreme poverty and promoting shared prosperity.

The Credit Infrastructure Global Solutions Group (GSG) of FCI GP assists client governments and the global community in improving access to credit through the establishment and strengthening of credit reporting, secured transactions, and insolvency and debtor/creditor rights (ICR) systems.

Under the Credit Infrastructure GSG, the practice promotes and facilitates the development of efficient credit reporting systems (CRS) to expand responsible access to credit to a significant number of individuals and firms. The practice also supports financial regulators and supervisors in order to ensure that these systems remain safe and sound, minimizing systemic risk. The CRS team uses international standards and best practices to assist governments and other stakeholders in establishing or reforming their CRS to enable the flow of reliable credit-related information in a safe and efficient manner. This is accomplished with a view to two broad policy objectives: fostering responsible access to finance and contributing to financial stability. The team works with government institutions, financial institutions, and the private sector to advance credit reporting systems.

With a special focus on small and medium enterprises (SMEs), the principal objective of CRS is to contribute to responsible access to credit by individuals and firms by developing or strengthening CRS through the use of reliable, timely, safe, and efficient credit-related information. The Bank Group's credit reporting solutions are structured in several areas: (i) operational work or country reforms; (ii) thought leadership and knowledge management; (iii) innovation and product development; and (iv) global advocacy and standard setting.

As part of the operational work, the program supports advisory projects across these regions: East Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, South and Central Asia, and Sub-Saharan Africa.

This "Credit Reporting Toolkit for Practitioners" was developed to support thought leadership and knowledge management in the space. The Credit Reporting Toolkit, spread over five modules, outlines the key interventions required to establish or enhance credit information systems in any jurisdiction.

2 OBJECTIVE OF THE TOOLKIT

The objective of the toolkit is to provide step-by-step guidelines to conduct assessments of a country's credit reporting infrastructure; to identify areas for improvement, or to support the creation of the credit reporting infrastructure where none exists; and to support the development of a proposal, establishing an action plan.

Credit reporting projects require profound analysis and subjectivity, and the proposed solutions may vary if countries are at different stages of development. Therefore, the toolkit has been organized and drafted in modules, starting with a general assessment to facilitate practical use. This general assessment follows the four pillars of Bank Group interventions: legal, system, capacity building, and awareness and financial literacy.

3 TOOLKIT MODULES

Although the Credit Reporting Toolkit is arranged in five separate modules, there are a number of "cross-cutting" thematic areas. This pertains particularly to Module One, which reflects the overall credit reporting infrastructure in any country. Readers should be cognizant that some of the detail covered in Module Two and Module Three are, in essence, summarized in Module One.

The five modules are:

- Module One: Assessment of a Credit Reporting Infrastructure
- Module Two: Establish or Enhance the Legal Framework on Credit Reporting
- Module Three: Credit Reporting System implementation
- Module Four: Capacity Building for Credit Reporting System Stakeholders
- Module Five: Financial Education and Public Awareness

4 TARGET AUDIENCE

The target audience for the toolkit is Bank Group partners, clients, and staff – including external consultants sub-contracted by Bank Group teams. Government officials and other practitioners interested in developing or enhancing CRS in their markets may also benefit from this toolkit.

5 REQUIREMENTS FOR THE TARGET AUDIENCE USING THE TOOLKIT

It is expected that the teams reading this toolkit will have different levels of credit reporting knowledge. In executing any or all of the five modules, teams are expected to have the following general traits:

- **Research Capability:** Preparedness is vital for on-going mission deliberations. Evidence-based research goes a long way in identifying gaps and motivating arguments. Even after concluding an extensive interview process, it is unlikely that project teams will be armed with all pertinent information. Teams should make sure they have proper access to all existing public information as well as documents that are or may be relevant for the assessment. In addition, relevant non-public information should be disclosed to the staff for the specific purpose of the assessment. Among others, this may include internal policies and procedures, supervisory handbooks, organizational charts, data, and statistics. The internet should

be interrogated for relevant news reports, credit provider financial statements, central bank supervision, and stability reports. A good place to start is the

<http://www.doingbusiness.org/data/exploretopics/getting-credit> website, where key credit information indicators are published on a regular basis. For example, a country benchmark analysis and comparison with its neighboring countries, its regional geographic zone, and Organization for Economic Co-operation and Development (OECD) countries could be useful. The OECD group has the highest adult population penetration level of Credit Reporting Service Providers (CRSPs), so it presents an aspirational benchmark for countries outside that bloc.

- **Report Writing:** There may be an expectation, especially in the early stages of credit reporting market development, that teams using this toolkit will produce a variety of documents and reports. Often, reports are required to be submitted to central banks, government departments, and CRSPs for consideration. A diagnostic mission is centered on working with a central bank to formulate the right recommendations and propose an adequate technical support plan. This can only be achieved if, after having discussed the diagnostic and recommendations with the bank, the teams are able to reach a follow-up agreement with an actual technical support project. To do so, it is advisable to provide constructive feedback when presenting conclusions, offering recommendations, and writing the final report.
- **Communications Skills:** Clients, partners, government stakeholders, Bank Group staff, and other practitioners undertaking this project are expected to engage with a range of counterparties, individuals, policy makers, and organizations, including private and public CRSPs, key data providers, a variety of users of these services, and supervisory and regulatory authorities, among others. Communications skills are important to avoid putting key stakeholders in a defensive position when discussing assessments and conclusions. Staff should make sure they have proper access to all existing public and private information and documents that are, or may be, relevant for the assessment.
- **Confidentially:** It is expected that, at times, relevant non-public information will be disclosed. This may include internal policies and procedures, supervisory handbooks, organizational charts, data, and statistics. Teams should keep in mind that some information and data provided to them may be confidential, and are therefore intended solely for the purposes of the assessment. This confidential information and data should not to be disclosed to or shared with any third parties.
- **Access to Specialists:** Not everyone is a credit reporting specialist with requisite experience. There may be strategic issues that require an independent review. Staff are encouraged to refer internally within their organizations and to consulting experts to check assumptions and initial recommendations.

6 BACKGROUND LITERATURE

Teams are encouraged to familiarize themselves with the following reports and publications, which have formed the basis of this toolkit:

- Credit Reporting Knowledge Guide (Version One, 2007 and Version Two, 2012, currently under revision for a third version)
- The General Principles on Credit Reporting (by the International Committee on Credit Reporting (ICCR) task force, released in 2011)
- Assessment Methodology For General Principles for Credit Reporting (by ICCR task force, released in 2013)
- Facilitating SME Financing through Improved Credit Reporting (by ICCR task force, released in 2014)
- The Role of Credit Reporting in Supporting Financial Sector Regulation and Supervision (by ICCR task force, released in 2016)

7 COMMON TERMINOLOGY

A brief explanation of some terminology found across all five modules:

Closed User Group:

Information sharing between an identified group of data providers. Under this arrangement, a new data provider is usually required to apply, or gain permission, to participate in the closed user group.

Code of Conduct:

A self-regulatory framework for CRSPs governing their relationship to data providers, users, borrowers, other bureaus, and the supervisory authority. It specifies, among other things, policies and procedures for resolving conflicts and borrower complaints. In the absence of legislation, a code of conduct can contain provisions similar to what could be expected in regulatory framework.

Commercial Credit Reporting Companies:

Entities that collect information on businesses, including sole proprietorships, partnerships, and corporations for the purpose of credit risk assessment, credit scoring, or for other business purposes such as the extension of trade credit. These entities collect credit data from banks, other regulated financial institutions, other non-financial lenders, and additional sources, and generally target the medium and large company lending market segments.

Consent:

A written document signed by the borrower or legal designee explicitly giving consent to:

- Send their data to a credit reporting company
- Inquire about their information and data

Consent may or may not be necessary for institutions, depending on local legal and social norms and requirements

Credit Data:

Credit data includes:

- Gross amount of loan or credit facility
- Outstanding balance
- Type of facility
- Currency of facility
- Due date of facility
- Due payments
- Pledged collaterals
- Additional data that serve the purposes of the credit reporting company

Credit File:

A credit reporting company compiles, retains, and processes information about borrowers in credit files. Credit files include:

Credit file inquiry data, including:

- Name of user
- Activity of user
- Date of inquiry

Credit Report:

A paper or electronic report produced by the credit reporting company containing a summary, some, or all of the data in a borrower's credit file.

Credit Report Service Provider (CRSP):

A model of credit information exchange with the primary objective of improving the quality and availability of data for creditors, enabling them to make better-informed decisions. CRSPs generally target retail credit and small business lending markets, collecting credit data from banks, other regulated financial institutions, other non-financial lenders, and – in some cases – from entities providing non-financial services from which a payment obligation is derived (for example, a utilities payment). Examples of CRSPs include PCBs, PCRs, and Commercial Credit Reporting Companies.

Credit Scoring:

Using the information and data in a borrower's credit file to arrive at the borrower's relative score according to statistical principles applied uniformly to all borrowers. The relative score is meant to correlate with the relative risk that the borrower will not be able to fulfill their future obligations.

Customers/Borrowers (Data Subjects):

Individuals or institutions that apply for credit. Their pertinent information and data are compiled in credit files at the credit reporting company and can be shared in accordance with relevant legislations or code of conduct rules.

Database:

An electronic archive containing borrower credit files compiled from data providers and retained and processed by the credit reporting company.

Data Providers:

Institutions that provide any form of credit as well as all institutions that have identification data, credit data, information, or other data relating to the payment habits of borrowers. All such institutions are able to provide CRSPs with information and data in accordance with relevant legislations or code of conduct rules.

Data Sources:

One or all of the sources that are legally or consensually allowed to provide data to credit reporting companies.

These can include:

- Banks
- Central bank credit registry systems
- National ID registries
- Mortgage companies
- Mobile network operators
- Fixed line operators
- Tax authorities
- Utilities
- Digital credit providers
- Leasing companies
- Insurance companies
- Institutions providing credit to micro, small, and medium enterprises (MSME)
- Factoring companies
- Money market companies
- Retailers of goods and services that sell on credit
- Other credit reporting companies
- Public records agencies, including: civil registry, commercial registry, property registry, and court records
- Any other institutions in possession of information or data that can serve the CRSP's purposes

Data Provider Data:

Includes:

- Name of provider
- Principal activity of provider
- Address of provider

Disaster Recovery Site:

A location that is physically separate and sufficiently away from a CRSP's site, limiting potential physical threats to the bureau site. The disaster recovery site would house a continuously updated copy of all bureau databases.

National ID:

A unique national identifier for all citizens.

Negative Information:

Information on the failure of borrowers to fulfill their financial obligations on time. This includes:

- Delays
- Irregular payments

- Bounced checks
- Defaults
- Reschedules
- Court orders, foreclosures, protests, and bankruptcies/liquidations

Payment Habits Data:

Historical information that goes back at least four years and reflects the borrower's commitment level and ability to pay on time.

Permissible Purpose:

The user should have a permissible purpose to make an inquiry and get a credit report. Permissible purposes could be:

- Authorization through a court order
- Considering the provision of credit at the request of a borrower, whether it be for the first time, a credit increase, credit renewal, or a change in credit terms
- Considering the acceptance of any form of guarantee to a credit application
- Acquiring a credit score for the credit applicant
- Having written consent from the borrower or legal designee
- Other purposes with the borrower's consent
- Borrower access to his or her own credit report

Positive Information:

Information on the timely payment of borrowers.

Public Records Data:

Data available in public records, including civil registry, commercial registry, property registry, national ID, and court records.

Private Credit Bureau (PCB):

Private companies that build credit files by compiling, retaining, processing, and analyzing personal and business credit data. These data relate to the credit positions of borrowers of banks and non-bank financial institutions, peer-to-peer lending, and goods and services retailers, which all provide credit. Other sources of data include tax authorities, utilities, and mobile network operators. PCBs provide users with credit reports and other credit reporting and scoring services, but do not provide recommendations on credit provision.

Public Credit Registry (PCR):

A model for credit information exchange with two principal objectives: assisting central banks in terms of bank supervision, financial stability reporting, and monetary policy, and/or enabling data access to regulated financial institutions to improve the quality of their credit portfolios. Credit registries are typically owned and operated by a central bank or other financial supervisors. In most countries, credit registries focus on collecting credit information from prudentially regulated financial institutions.

Reporting Threshold:

The minimum credit facility above which banks and lenders are obligated to report borrower credit data to CRSPs.

Rules of Reciprocity:

The rules of reciprocity are a set of guidelines governing the sharing of credit data and non-credit data via a closed user group at CRSPs.

Users:

Institutions having a contractual relationship with credit reporting companies to request credit files and other services for permissible purposes. Users also include borrowers about whom the CRSP retains credit files. CRSPs are prohibited from providing individuals with information about other users. Individual users can, however, inquire about their own information and data in accordance with the rules set out in the code of conduct or any legislated self-inquiry process.

MODULE 01

Credit Infrastructure Global Solutions Group

COUNTRY ASSESSMENT OF CREDIT REPORTING INFRASTRUCTURE

2018



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Glossary

AAPS	Automated Application Processing System
CRSP	Credit Reporting Service Provider
CEO	Chief Executive Officer
CPU	Central Processing Unit
ID	Identification
IT	Information Technology
MIS	Management Information Systems
MFI	Microfinance Institution
MSME	Micro, Small, and Medium Enterprises
NBFI	Non-Bank Financial Institution
NGO	Non-Governmental Organization
NPL	Non-Performing Loan
OECD	Organisation for Economic Co-operation and Development
PCB	Private Credit Bureau
PCR	Public Credit Registry
SME	Small and Medium Enterprise
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TOR	Terms of Reference
VIP	Very Important Person

MODULE 01

1. BEFORE THE ASSESSMENT

1.1 INTRODUCTION

This module has been designed to assess a country's potential for developing or strengthening its credit reporting infrastructure. It can be used to help develop a strategy and provide technical support for a project in a given country. It can also be used to provide guidance in the market or technical assessment component of any credit reporting project.

The quality of the initial diagnostic and the quality of the technical terms of reference (TOR) to establish a credit bureau are major drivers of the technical support project's success.

By providing a standardized and formalized methodology to conduct these diagnostics, it is expected that the following objectives will be achieved:

- Ensure consistency with credit reporting-related initiatives;
- Help project teams design successful technical support projects, in terms of client satisfaction and final impact;
- Streamline the credit reporting technical support project cycle;
- Participate in knowledge dissemination and training among technical specialists; and
- Ensure compliance with the General Principles for Credit Reporting.

This assessment will primarily focus on the infrastructure related to the establishment of a CRSP. Generally, four CRSP-type entities can be identified:

- Private Credit Bureaus (PCBs)
- Public Credit Registries (PCRs)
- Commercial Credit Reporting Companies
- Credit Scoring or Data Analytics Companies

This module concentrates on the infrastructure framework of a PCB. It does so by standardizing the report format in order to collect information after a diagnostic mission has been undertaken. It should also be noted that parts of this module overlap with additional analysis found in:

- Module Two: Establishing a Credit Reporting Legal Framework; and
- Module Three: Credit Reporting System Implementation

This module should thus be read in conjunction with Module Two and Module Three.

1.2 WHO SHOULD USE THIS MODULE?

This module has been designed to be implemented by, preferably, a team of two specialists: a credit reporting specialist with, preferably, hands-on banking experience, and if possible, a junior financial sector specialist, with previous exposure to retail or corporate banking. Depending on the objectives and thoroughness of the mission, a two-member team may not be sufficient. It may be necessary to complement the original team with another senior specialist, especially when the planned support focuses on technical issues, for example,

credit scoring or information technology (IT) systems. This module is not a substitute for the expert eye of a field project team. It is only meant to help specialists organize their work by providing a detailed analytical framework.

1.3 SPECIFIC SKILL REQUIREMENTS

Specialists should adapt this framework to the specificities of their organization and of the diagnostic mission. Therefore, in addition to the general requirements listed in the introduction section, specialists would require the following specific skills and experience:

1.3.1 Credit Market Exposure

Specialists should have a good grasp of what constitutes the credit market in a particular country. For example, are there many small banks, a few big banks, or a combination of both? Do institutions licensed by the central bank include formal banks and other deposit-taking institutions? How big is the country's non-bank sector? Does it have a number of fixed-line and mobile operators, microfinance institutions, utilities, fintechs, digital credit providers, or retailers? What is the predominant type of lending (for example, consumer loans)? How is credit regulated? Do all banks and deposit-taking institutions go through the central bank? Are other regulators present, for example, for the microfinance sector? What about regulators for the cooperative sector? What about the utilities sector, the MNO sector, or the insurance sector? What are the demand and supply factors? On the demand side, try and establish the number and type of credit accounts from each credit market sector, such as banks, microfinance institutions, or telecommunications providers. Then apply the adequacy on the supply side. How many credit bureaus are licensed or being considered for a license? What data are available for submission and in what condition are these data? In more mature credit information markets, are there service providers that can make data submission easier for credit providers, especially those lacking information technology system capability?

1.3.2 Developing Credit Information Market Knowledge

There are a few recurring debates that tend to surface at the time when credit bureau operations are being introduced in a country:

- **Borrower Identification:** A unique borrower identification (ID) system is usually required to identify the correct borrower at a credit bureau. This system may not be in place in some countries yet, but that does not mean everything must come to a grinding halt. Licensed credit bureaus are going to have to offer algorithm solutions that correctly identify the borrower in the absence of a unique ID. Regulators and stakeholders are going to have to check the accuracy of this algorithm on a regular basis to ensure confidence in the credit bureau solution.
- **Data Hosting:** A credit bureau may want to host data outside of their national borders, or out-of-country. To save costs and ultimately to bring down the unit cost of a credit report, some credit bureaus may prefer to host their data in their home country, where fully-fledged operations already exists. Thus, with economies of scale, this offers a cost saving alternative to establishing dedicated credit bureaus in each country. Policymakers should be receptive to out-of-country solutions. While they may insist on a dedicated credit bureau in their country because of their belief that borrower data remains sovereign to their country, a considered cost-benefit analysis should be undertaken. With proper checks and balances – for example, regular audits – data can be ring-fenced and protected within a host country, which may be a practical solution. The treatment of cross-border credit data will need to be investigated in the first instance – specifically, a legal assessment that would permit such a transfer.

- **Costs:** Are the costs involved in participating in the credit information system too high? These debates center around the potential cost of borrower identification and biometric apparatus, costs related to required changes in loan management hardware and software, and the cost of a credit report. Credit bureaus usually earn revenue by supplying credit reports and other value-added services, not by accepting data from data suppliers. The not-for-profit credit provider sector is usually the most vocal about the unit price of credit reports. Two issues to consider here, include: a) credit bureaus usually price according to volume. For example, the more credit reports they sell to a particular lender, the more they are willing to negotiate a lower unit credit report price, and b) the standard credit report price may contain more information than is actually required by a lender. Thus, some trade-off could be investigated between the amount of credit information received and price paid for a credit report.
- **Voluntary Versus Mandatory Data Submission:** Until the market reaches some maturity, some may argue that data submission should be mandatory. In most emerging markets, there is usually a mandatory requirement for supervised entities to submit data to a credit bureau. For other entities, it is usually voluntary. For credit inquiries being made at a credit bureau, there is usually no compulsion for both supervised entities and non-supervised entities. Voluntary participation usually means that a credit information market takes much longer to establish and could place pressure on the sustainability of credit bureaus.
- **Borrower Consent:** It is a generally accepted principle that a borrower should provide consent before his or her data is submitted to a credit bureau. However, before a country's credit bureau is established, existing credit agreements from a range of banks and non-banks typically do not contain such consent. This could generate legal complexity and delay the introduction of credit bureau services. Each country should thus decide the most appropriate solution within the context of its regulatory environment. This may include, for example, obtaining specific consent for the sharing of positive information. However, the sharing of negative/default/arrears data may not require specific consent.
- **Number of Credit Bureaus:** Often, stakeholders ask the intriguing question, 'how many credit bureaus should a country have?' There is no definitive answer. It usually depends on the size and diversity of the credit market. Although all licensed credit bureaus should receive most of the same data, some credit bureaus have a particular focus on large banks and retailers. Others, for example, are closer to the microfinance institutions sector. Furthermore, monopolistic sole service providers should be avoided in jurisdictions with a range of bank and non-bank credit providers. That may not be possible in the early stages of data submission within a certain country, but, the period of exclusivity should be determined and communicated to all stakeholders.

1.3.3 Experience in Leading Diagnostic Missions

Knowing how to lead interviews is important to collect all necessary information within a relatively short period of time. This collection process is often the area where specialists experience a high degree of difficulty. Advice for inexperienced specialists can be found in the "Conducting a Diagnostic Mission" (see Module One, Section 2.2). The primary objective of the diagnostic should never be to judge or criticize the existing processes and skills. Rather, the aim is to highlight margins for improvement, based on factual arguments. Communications skills are key to avoid making, for example, a central bank's management defensive when discussing the diagnostic conclusions.

1.4 TOOLS TO UNDERTAKE THE ASSESSMENT

The module presents a set of tools aimed at formalizing hands-on experience conducting credit reporting country assessments. The core of this module resides in (1) the template diagnostic report, and (2) the business, technical, and legal questionnaires. Both the template report and the questionnaires ensure diagnostic standardization and comprehensiveness.

1.4.1 Template Agenda

A template agenda is proposed for undertaking a credit reporting system assessment. It is organized in such a way that the team meets with all key relevant stakeholders in the country. It is designed for the team to have a good understanding of the country's capabilities in regard to credit reporting.

An example of a diagnostic mission agenda is provided in Annex A.

1.4.2 Business Questionnaire

The business questionnaire aims to offer guidance during the interviews and meetings held throughout the field mission. The business questionnaire's principal objective is to ascertain the level of sophistication and preparedness of a particular credit market, focusing on the status of the local credit industry and credit information sharing industry. The questionnaire can also be used as a mission introductory instrument, directly mailed to major lending industry operators and considered a preliminary tool for the mission.

An example of a business environment questionnaire is provided in Annex B.

1.4.3 Technical Questionnaire

The technical questionnaire aims to help the mission understand current technical infrastructure with an emphasis on information sharing capabilities. It will help in understanding the IT capabilities of financial institutions and regulators, while also shedding light on the communications capabilities offered in the market. Similar to the business questionnaire, the technical questionnaire can also be used as a mission introductory instrument, directly mailed to the leading industry operators as well as the regulators.

Lender-specific technical questions are included in Annex B, while broader technical issues are covered in Annex C.

1.4.4 Legal Questionnaire

The legal questionnaire aims to help the mission understand the country's legal environment, with a particular focus on data disclosure and credit information sharing legislation. It will help the mission understand if any limitations to establishing a credit information industry exist. Additionally, the legal questionnaire will help illuminate what legal developments are needed to enhance the industry.

1.4.5 Template Diagnostic Report

The template report offers the format for the final report while also providing guidelines for the analysis. It is composed of four central sections: (1) executive summary summarizing the principal findings and recommendations, (2) background on the situation of the country including the legal framework, credit market observations, and a strengths, weaknesses, opportunities, and threats (SWOT) analysis, (3) technical

assessment findings including an assessment of the technical ability of a chosen sample of data providers to offer and receive data, as well as an assessment of their management information systems (MIS), and (4) assessment recommendations.

1.5 ASSESSMENT AREAS

There are three core areas to be assessed in any credit bureau country assessment, namely: (1) the potential credit reporting market, ranging from banks to non-banks; (2) information technology; and (3) the legislative environment.

1.5.1 Credit Market Characteristics

It is important to have a comprehensive understanding of the credit market in the country under assessment. A good understanding will give an indication of how this country will absorb a credit information industry and how this industry will evolve in the future. Such information is collected from regulated and non-regulated credit providers, such as banks, leasing companies, fintechs, digital credit providers, microfinance institutions, telecommunications companies, and retailers, among others.

As a starting point, credit information from a country's formal regulated financial sector is commonly the first to be submitted to a credit bureau. Thereafter, consideration is given to the submission of non-bank data, which include data from microfinance institutions, retailers, utilities, and telecommunications companies. The number of accounts in the non-bank sector usually exceeds that of the banking sector by three to four times. Thus, while the size of the banking sector is usually the largest in terms of absolute currency volumes, the non-bank sector is usually much larger in terms of number of accounts. This information will give a comprehensive overview of the credit market in a given country and its strengths and limitations. This information is also sufficient to be able to make a detailed analysis of the current situation, in addition to future projections of where the market will head. The mission should be able to collect data on lending organizations' current loans, including products, sales, strategies, distribution channels, and portfolio breakdowns. In addition, it is important to get a detailed explanation of the organizations' underwriting processes, which explain the phases of the credit granting cycle as well as the credit risk management tools used to support credit decision making. Finally, it is crucial to know the kind of credit data that are available in the market, including the type, format, quantity, and availability of such data.

1.5.2 Information Technology

The second area to assess is the country's information technology infrastructure. This requires reviewing the IT capabilities of banks, central banks, and other lenders, as well as the communications facilities that are already offered in the market and those that could be used in the future.

Usually, a scan of the management information systems that run lender loan portfolios can serve as a high-level indication of a systems' compatibility. In other words, do these systems have commonalities or are they vastly different? After a scan of the management information systems provides a big-picture indication of compatibility, a closer look at system capacity, performance, search facilities, programming languages, and communication protocols can provide more detail. This information can provide a comprehensive overview of the sophistication and suitability of the current IT systems in the country, a critical step in the credit reporting infrastructure development process.

To function efficiently, credit bureaus must invest in appropriate software and technical systems. Technologies available in emerging markets may not be sufficiently sophisticated to meet modern credit information-

sharing needs. Some basic infrastructure requirements – often taken for granted in more sophisticated markets – may not be in place, obstructing credit reporting system development. In many developing countries, essential infrastructure, such as reliable electricity, adequate internet, and telephone connectivity may not exist and may require additional investments.

The Credit Bureau Knowledge Guide (2006) explains that, in addition to infrastructure requirements, the success of a bureau's operations depends on the ability to extract credit performance data from financial institutions and other lenders and deliver credit reports in an easy-to-use format. Experience shows that financial institutions in emerging markets are transitioning from traditional relationship-lending models, to more volume-driven and standardized retail-lending businesses. In most cases, banks have not yet reorganized their processes to fit this new business model, which has major implications in regard to:

- Availability and validity of historical information
- Ability to automatically report data on asset portfolios
- Flexibility of legacy systems to adapt to the input and output requirements of a credit bureau
- Availability and prioritization of IT resources that could be channeled to support adaptations required for the new bureau
- Existence of standardized formats or languages used within the systems

The overriding duty of both a credit bureau and its members is to maintain absolute security over sensitive personal information, treating it appropriately at all times. Failure to maintain this cornerstone function is a major breach of trust. As a trusted third party, a credit bureau must have the most appropriate technology and software to provide an adequate level of service while maintaining the data's security.

In many cases, banks do not have adequate core systems to store customer and payment history data. In some countries, extracting data in a format acceptable to the respective credit bureau is a major challenge and requires substantial IT resources to access old records and legacy systems. It has proved much easier, for example, to extract credit card records, as these tend to be hosted on systems that are more modern and store data in a much more logical format. Large, local banks with extensive branch networks – which are often state-owned or recently privatized – can face major challenges if records are paper-based or credit functions are decentralized.

For bureaus in these situations, the most practical solution may be to start with more recent data, credit portfolios that have higher-quality information, and banks that are able to provide this information. After this, the bureaus can gradually build their databases to include more lenders and different portfolio types. Often, however, the cost of uploading credit history data files that are more than two years old may be high, and given the varying levels of lender file accuracy, the data's cost may outweigh the benefits.

The objective of a technical scoping study is to assess the technical capacity and lender readiness to participate in the bureau. It is used to define the technical specifications of the future bureau. Conducting this study involves sending detailed questionnaires on the nature and formats of available information to all potential participants, then following up and meeting with all lenders to discuss the results of the survey. The aim is to focus on issues, such as:

- Types of consumer and SME credit products offered
- Level and growth rates of retail and SME credit, by product
- Current and expected number of credits issued to inform projections about potential volume of inquiries
- Availability of electronically stored historical information
- Borrower consent to disclose information to a credit bureau

- Availability of unique ID numbers for individuals and firms
- Level of sophistication of lenders' internal information management systems
- Technology and infrastructure constraints, specifically budgets and appropriate human resources
- Level of awareness among lenders on issues related to credit reporting
- Lender willingness to share negative and positive information
- Lender records being maintained in dual or multiple languages

Annex B provides an example of a business environment questionnaire aimed at lenders and central banks. This includes a breakdown of portfolios, volumes of credit, and technical issues.

1.5.3 Legislative Environment

Globally, there has been a shift over the last two decades, including the introduction of dedicated credit information regulations over European Union-type broad data protection frameworks. Without an enabling legal or regulatory environment, creating a credit reporting infrastructure is not possible. Credit information has to be shared under a specific legal framework in which the rights of borrowers and lenders are protected. Thus, an assessment of the current legislative environment is important. It is important to understand whether there is specific legislation on credit reporting and what it constitutes, bank secrecy provisions in banking legislation, and legislation regarding consumer protection. This type of assessment could be done by meeting with lawyers who are familiar with the banking industry. Following the assessment, the mission will understand what gaps need to be addressed in order to support a successful credit reporting industry.

MODULE 01

2. CONDUCTING THE ASSESSMENT

2.1. PREPARING FOR THE ON-SITE MISSION

The objective is to utilize the time available to secure as much information and clarity as possible in regard to the political, economic, and social context of a country. Subsequently, the findings and recommendations will be presented in a report.

When preparing for the on-site mission, a detailed agenda should be created to identify counterparts that can assist and provide information and an informed opinion on the following far-reaching areas of a country:

- Legal framework
- Business and markets
- Technology, systems, and communication

It is critical to confirm that all regulatory stakeholders are aware of the mission and have given permission for the information being sought in the various questionnaires.

2.1.1 Agenda

A comprehensive agenda, allowing sufficient time for internal travel and comprehensive meetings must be developed and circulated. The agenda should also allow sufficient time for the interviewees to complete the relevant questionnaires.

The agenda should also allow for a second, return visit to interviewees that may not have fully completed the relevant questionnaires. Failure to do this could inevitably result in unnecessary delays and confusion later in the report writing process.

2.1.2 Counterparts

An indicative list of potential counterparts is included below. This list is not exhaustive. Potential counterparts should be discussed with the local team offices prior to fixing agendas and making appointments:

- Central bank (governor, deputy governor, supervision department, financial stability department, consumer protection department, and manager of the PCR, if there is one)
- Ministry of commerce, justice, or finance (depending on the local regulatory environment)
- Chambers of commerce
- Bankers associations and other representative bodies
- Major banks
- Major non-bank financial institutions (NBFIs) (finance companies, retailers, mortgage companies, insurance companies, and leasing companies)
- Tax authorities
- Utilities
- Digital credit providers
- Telecommunications and utilities companies

- Companies collecting and disbursing credit information, if any
- National third-party databases (national ID records, companies, and business registries)
- Data protection or privacy regulators
- Microfinance institutions
- Other credit providers (cooperatives, hire-purchase companies, financial technology companies, and lending platforms)

Within the banking environment there will be a number of individuals with specific functions. These functions include credit risk assessment, IT, and legal compliance. Each of these roles should be jointly involved in the completion of the questionnaire and the face-to-face interviews. In many instances, identifying a local champion, who has the passion to lead or promote the credit bureau initiative, is invaluable. Often these champions are individuals who occupy senior positions within a central bank. For example, the central bank's governor or deputy governor could be an ideal champion throughout the development process.

2.1.3 Local Focus Person

Appointing a resource – preferably from the stakeholder requiring the assessment to be undertaken – in charge of managing the agenda and serving as the focus person for all communications is advisable. The appointed focus person may, in turn, constitute a working group to deliberate various issues.

2.1.4 Translators

If translation services are required for official documents, they should be built into the timing for meetings.

2.1.5 Questionnaires

Relevant questionnaires should be provided to the interviewees in a timely fashion so the documents can be examined and partially completed prior to commencement of the formal interview process.

It is critically important that the questionnaire is directed to the most appropriate individual within the organization, someone that has both the knowledge and the authority to provide the information being sought.

All participants should clearly understand that the information will be treated as confidential – it should be stressed that impersonal, aggregated market information will be shown in the final report. Appropriate arrangements must be put in place so completed questionnaires are returned to the local focus person in a timely fashion. Follow-up procedures can be instigated for any outstanding questionnaires, but should not delay delivery of the completed forms.

2.2 MANAGING THE ON-SITE MISSION

The objective is to manage the agenda and the expert resource, utilizing the time available to secure as much information about the local environment as possible.

As part of the overall process, the mission should also be used to raise awareness. The aim is to inform stakeholders of the overall credit bureau program and the benefits of creating an environment in which the sharing of credit information is promoted, valued, and accepted as part of the overall business environment.

The local focus person should manage the agenda and any requirements for transport, translations services, and the subsequent return of completed questionnaires or other office documents, including copies of local legislation.

The timetable for the subsequent publishing of the report should be communicated to all stakeholders who express interest in receiving a finalized copy.

MODULE 01

3. PREPARING THE ASSESSMENT REPORT

The report's potential audience includes multiple stakeholders, including policymakers, regulators, central banks, existing or new credit bureau operators, non-governmental organizations (NGOs), technology partners, and the public at large. Because of this expansive and diverse potential readership, the content of the report will have to be comprehensive and informative.

The assessment report's format is set out in Annex E.

Specific report content can be sourced and collated from desk research and the three reports outlined in Section Two. Additionally, it is advised that the report incorporate any relevant information provided by the local office in regard to the country's:

- Legal framework
- Business and markets
- Technology, systems, and communication

3.1 WRITING THE REPORT

The report should be written in a concise and easy-to-read format as set out in Annex E. Consideration should be given as to whether the report should be produced in English as well as local language.

The report should be written in a way that does not disclose banks' or non-bank financial institutions' commercially sensitive data, including account numbers and credit card information, among other data.

A draft report should be circulated to relevant teams and stakeholders for signoff prior to public release.

Should the report require translation, the cost of such translation should be incorporated into both the timeline and budget.

ANNEX A: DIAGNOSTIC MISSION AGENDA

Proposed Agenda for the Diagnostic Mission

Please adapt the agenda to meet your own requirements.

You can reorganize the order of the different interviews to match your availability.

TIME	INSTITUTION	COUNTERPART	PURPOSE OF MEETING
DAY 1			
1hr	Central Bank/ Regulator	Governor/Deputy Governor	General outlook and direction
1.5hrs	Central Bank/ Regulator	Credit Registry Head and Team	Understanding credit markets and function, specifics of registry and data provided, and technical infrastructure, among other topics
1.5hrs	Central Bank/ Regulator	Departmental Heads: Supervision, Stability, Statistics, Consumer Protection, and other departments	Inspection obligations, and leveraging credit information data for supervision/ research purposes
1hr	Local Regulatory Authority/Lawyers	Head/Central Bank Legal Counsel	Understanding the legal infrastructure for credit information sharing
2hrs	Private Company Collecting Information (if existing)	Chief Executive Officer (CEO) and Information Technology (IT) Head	Understanding mechanisms of information sharing, relationships with lenders, and legislation, among other topics
DAY 2			
1hr	Bank Association	Chairman/Deputy Chairman	Understanding banks' readiness and capability to share information, and understanding credit markets
1.5hrs	Major Bank 1	Credit Risk Management Head/IT Head	Understanding credit markets and function, and understanding IT infrastructure
1.5hrs	Major Bank 2	Credit Risk Management Head/IT Head	Understanding credit markets and function, and understanding IT infrastructure
1.5hrs	Major Bank 3	Credit Risk Management Head/IT Head	Understanding credit markets and function, and understanding IT infrastructure
1.5hrs	Small Bank	Credit Risk Management Head/IT Head	Understanding credit markets and function, and understanding IT infrastructure. Do small banks have similar or different issues compared to major banks?

DAY 3			
1hr	Major Microfinance Institution 1	Credit Risk Management Head	Understanding microfinance sector, principal players, and available information, among other topics
1hr	Major Microfinance Institution 2	Credit Risk Management Head	Understanding microfinance sector, principal players, and available information, among other topics
1hr	Mortgage Company	Credit Risk Management Head	Understanding the non-bank financial institution (NBFI) role in credit market, credit volumes, and available data
1hr	Retailer	Credit Risk Management Head	Understanding NBFI role in credit market, credit volumes, and available data
1hr	Leading NBFI Company	Credit Risk Management Head	Understanding NBFI role in credit market, credit volumes, and available data
DAY 4			
1hr	Telecommunications Company	Deputy CEO/Head of Credit	Understanding customer base and available information, among other topics
1hr	Telecommunications Regulator (if present)	Head	Investigate the sector's (legal) impediments, if any, to engage in data sharing activity
1hr	Financial Technology Company/Digital Credit Company	Deputy CEO/Head of Credit	Understanding customer base and available information, among other topics
1hr	Utility Company/Utility Regulator (if present)	Deputy CEO	Understanding available information (extra information from the next line included in the Utility company line)
1hr	National identification (ID) Authority plus Business Registry	Head	Investigating the existence of a unique, reliable, identifier for individuals and companies, including formation of ID systems

ANNEX B: BUSINESS QUESTIONNAIRE

Dear User,

This questionnaire is a preparatory step in the country assessment that our team, with the support of the Central Bank of _____, will perform. The objective is to appraise the status of credit information sharing systems as well as the potential of credit reporting development in the country. The questionnaire will also represent a base for the discussions, interviews, and meetings that will be organized during the field mission.

The questionnaire comprises four sections:

1. THE LENDING ORGANIZATION – Assembles information about the lending organization answering the questionnaire.
2. RETAIL, MICRO, AND SME CREDIT – Collects data on the current loan business of the lending organization answering the questionnaire. This includes products, sales, strategy, distribution channels, and portfolio breakdown.
3. UNDERWRITING AND CREDIT INFORMATION SHARING – Explores and recaps the credit granting cycle processes, procedures, and policies that are in place inside the lending organization, as well as the utilization of advanced credit risk management tools and external databanks in support of credit decision making. This includes automation, credit scoring utilization, and information providers.
4. DATA ENVIRONMENT – Focuses on type, format, quantity, quality, and storage of credit data existing inside the lending organization. Also focuses on the availability of data for information sharing purposes and scoring modeling.

HOW TO COMPLETE THE QUESTIONNAIRE

Many questions require a simple YES or NO answer. Nevertheless, some of the YES answers may require additional information, a concise clarification, a clear-cut percentage, or another supplementary figure. Generally, questions are contained in the fields highlighted in grey, while answers must be added to the yellow lines. In some cases, additional space has been added for detailed explanations. For example, clarifications of topics may require detailed explanations of processes and strategies, taking extra space. Additional input, including credit underwriting process flows, tables, and charts, whenever easily available, should be annexed.

CONFIDENTIALITY

The information provided will be used by the team to prepare an appraisal report on the status of both the lending and credit reporting industries, and all the information will be kept strictly confidential, used only for mission reporting purposes.

CONTACTS

Please complete the questionnaire by _____ DATE _____ and kindly return it by e-mail to the Central Bank of _____

Finally, we appreciate that time is generally limited and always extremely valuable. For this reason, we would like to express our gratitude to all those who are taking their time to work on this questionnaire, contributing to the success of this mission. Thank you for your collaboration!

The _____ [organization] team

2. CONSUMER, RETAIL AND MSME CREDIT

2.1 Sales Strategy – Please give an overview of your consumer, retail, and MSME credit sales strategy. For example, products, channels, network composition, third-party sales agents, type of customers, and estimated market share:

2.2 We would like to understand the universe of your customers. For each of the categories listed below, please provide the total number of active accounts divided by: i) checking accounts; ii) savings accounts; iii) credit cards; and iv) debit cards:

CUSTOMER TYPE	TOTAL NUMBER OF CHEKING ACCOUNTS	TOTAL NUMBER OF SAVINGS ACCOUNTS	TOTAL NUMBER OF DEBIT CARDS	TOTAL NUMBER OF CREDIT CARDS
INDIVIDUAL CONSUMERS				
MICROENTERPRISES				
SMALL & MEDIUM ENTERPRISES				
CORPORATE/LARGE ENTERPRISES				
TOTAL				

2.3 Credit Portfolio Distribution (active loans only) – Please provide the total number of i) open loans; and ii) non-performing loans (NPLs):

CREDIT PRODUCT TYPE	TOTAL NUMBER OF OPEN LOANS	TOTAL NUMBER OF BAD LOANS / NPLS
CREDIT CARDS		
PERSONAL LOANS		
CAR LOANS		
DIGITAL CREDIT		
MORTGAGES		
OVERDRAFT		
MICROCREDIT LOANS		
SME LOANS		
CORPORATE/LARGE CLIENTS		
OTHER (PLEASE SPECIFY)		
TOTAL		

2.4 NPLs and Write-offs – Please give the definition of both i) NPLs; and ii) write-offs used inside your organization. For example, an NPL could be an account more than 60 days late, while an account can be considered written-off (accounted as a loss) when it is more than 180 or 360 days late:

NON-PERFORMING LOANS

WRITE OFFS

2.5 Credit Portfolio Distribution (closed loans) – Please provide the percentage of non-performing loans and percentage of write-off (losses) on the credit portfolio for the previous year:

CREDIT PRODUCT TYPE	PERCENTAGE OF NPLs (NON-PERFORMING LOANS)	PERCENTAGE OF WRITE-OFFS (PORTFOLIO LOSSES)
CREDIT CARDS		
PERSONAL LOANS		
CAR LOANS		
DIGITAL CREDIT		
MORTGAGES		
OVERDRAFT		
MICROCREDIT LOANS		
SME LOANS		
CORPORATE/LARGE CLIENTS		
OTHER (PLEASE SPECIFY)		
AVERAGE		

2.6 Credit Applications – Please indicate the total number of received and rejected credit applications, including current year estimates and actual figures from the previous two years:

PERIOD	TOTAL NUMBER OF CREDIT APPLICATIONS RECEIVED	TOTAL NUMBER OF CREDIT APPLICATIONS REJECTED	PERCENTAGE OF APPLICATIONS REJECTED
CURRENT YEAR			
ONE YEAR BEFORE			
CURRENT YEAR			
TWO YEARS BEFORE			
CURRENT YEAR			
TOTAL			

2.7 Reasons for Rejection – What are the principal reasons to reject credit applicants in your organization? For example, reasons may include insufficient income, no information, or bad references:

	PERCENTAGE OF APPLICATIONS REJECTED
NO OR INSUFFICIENT INFORMATION ON THE APPLICANT	
NO OR INSUFFICIENT COLLATERAL GUARANTEE AVAILABLE	
NO SALARY OR INCOME	
BAD REFERENCES	
NO INFORMATION OR BAD REFERENCES ON THE GUARANTOR	
OTHER (PLEASE SPECIFY)	
TOTAL	100%

2.8 Credit Sales – Please indicate sales growth estimate (percentage) for the next three years by customer type:

CUSTOMER TYPE	FIRST YEAR (PERCENTAGE INCREASE)	SECOND YEAR (PERCENTAGE INCREASE)	THIRD YEAR (PERCENTAGE INCREASE)
INDIVIDUAL CONSUMERS	%	%	%
MICROENTREPRENEURS	%	%	%
SMES	%	%	%

2.9 MSME – Please give the definition of micro, small, and medium enterprise used inside your organization. This term may be classified by type of customer, type of business, maximum turnover, maximum loan amount, or maximum number of employees, among other defining qualities:

ENTERPRISE TYPE	SALES TURNOVER	CAPITAL AMOUNT	NUMBER OF EMPLOYEES	MAX LOAN AMOUNT	OTHER (PLEASE SPECIFY)
MICRO/SOLE TRADER					
SMES					

2.10 Collateral – Please indicate for which credit products your organization generally requests collateral:

CREDIT PRODUCT TYPE	COLLATERAL REQUIRED (YES / NO)	PERCENTAGE OF CREDIT APPLICANTS FOR WHICH COLLATERAL IS REQUIRED	ARE ADDITIONAL TYPES OF GUARANTEES ALSO REQUESTED (SPECIFY TYPE)	PERCENTAGE RATIO COLLATERAL REQUESTED / LOAN VALUE
CREDIT CARDS				
PERSONAL LOANS				
CAR LOANS				
DIGITAL CREDIT				
MORTGAGES				
OVERDRAFT				
MICROCREDIT LOANS				
SME LOANS				
CORPORATE / LARGE				
OTHER (PLEASE SPECIFY)				

3. UNDERWRITING AND CREDIT INFORMATION SHARING

3.1 Underwriting Process - Please describe the current credit underwriting procedures used by your organization for retail and SME products or loans. Please include from credit application to approval or rejection decision, centralized or distributed decision making, and delegated authority: (Please include a process flow, if possible)

3.2 Credit Decision - Please answer the following questions:

How many departments or people are involved in underwriting credit? Categorize (for each of personal loans and SMEs, if applicable) from the moment an applicant applies for credit to the decision –which departments and who are the people involved?	
Are decisions centralized at headquarters, or can they be taken locally, for example, at a branch?	
Is there a committee that makes decisions or a decisional matrix in which different levels of decisions are possible? For example, a matrix may include branch managers, regional managers, and a credit committee?	

3.3 Internal Credit Scoring - Please answer the following questions:

Is your organization already using an application scoring model?	
If yes, since when (year)?	
What type of model is it? For example, is it a generic scorecard or custom scorecard built on your historical data?	
Was the scoring model built internally, or was it developed externally by a credit bureau or another external party?	
How many scorecards are encompassed by the scoring model?	
For which loan products or services is application scoring utilized? For example, application scoring may be used for personal loans, credit cards, as well as additional products or services.	
For these products or services, do you score 100 percent of the applicant population?	
Is your organization using other scoring models, including behavioural, small business, or collection?	
Is your organization using a scorecard software monitoring system?	
What type? Were they internally or externally built?	

Do you offer pre-approved products, for example, pre-approved credit cards?	
If scoring is used, please estimate the NPL (percentage) reduction introduced by the scores models? For example, reduction may be between 20 percent and 30 percent.	
If your organization is not using credit scoring yet, are there any plans to use it in the future? If so, when?	

3.4 Bureau Scores - Please answer the following questions:

Are credit bureau scores models available in your country?	
If yes, who distributes them?	
Does your organization make use of bureau scores?	
If yes, for which loan products or services?	

3.5 Overrides - Please answer the following questions:

If scoring is used inside your organization, is there an overriding procedure in place? For example, can supervisors or managers override scoring or credit policies?	
If so, can you provide an example?	
Are override decisions typically taken locally or centrally?	
For which type of loan products or services?	
What is the percentage of overrides?	

3.6 Processing Times – On average, how long does it take to process an application and approve or reject an applicant?

Credit Product Type	Number of Days to Approve or Reject an Applicant (from the time an application is filed at the branch for the first time to the final loan disbursement)
Credit Cards	
Personal Loans	
Car Loans	
Financial Technology Loans	
Mortgages	
Overdraft	
Microcredit Loans	
SME Loans	
Other (please specify)	

3.7 Automated Application Processing System (AAPS) – An AAPS processes all phases of the underwriting cycle in a completely automated manner, from application data input at the branch to the final decision, without manual intervention. Please answer the following questions:

Is a fully automated application processing system used for processing credit applications?	
Is it operated internally within your organization or is the service outsourced?	
Was the AAPS built internally or purchased externally?	
Are all of your underwriting procedures fully automated? This means that all the procedures are managed by the system including scoring, decision, and links with external databases.	
If not, specify which ones are not automated?	
If an APPS is used, are all of your branches connected?	
Are other sales channels connected to the AAPS? For example, are agents or dealers connected?	
If scoring is used, are the scorecards totally automated, meaning scoring is operated and applied automatically by the system?	
Can a branch input the application data and receive an online decision of acceptance or rejection in a totally automated manner?	
Is the AAPS connected to external data sources? If yes, which ones?	
What connection is used? Examples include internet, central processing unit to central processing unit (CPU-to-CPU), fax, or telephone.	
Is your organization able to grant immediate credit? For example, if a customer walks in and files an application, can a decision be made and a loan disbursed immediately at the branch level?	

3.8 Private Credit Bureaus (PCBs) or Other Private Information Providers - While answering the questions in the table below, please consider the following:

- i) if a PCB does not exist, answer questions one through six only
- ii) if a PCB exists and operates, please answer questions seven to 23:

1.	Do PCBs exist?	
2.	If not, are there plans to build one?	
3.	Would your organization be interested in implementing and using a PCB in your country?	
4.	What are the principal issues that are preventing the development of a PCB? These could include legal reasons, lender reluctance to share, costs, or regulator reluctance, among other issues?	
5.	Are other information providers supplying blacklists or negative data?	
6.	How many?	
7.	If PCBs do exist, how many are there operating in the market?	
8.	Is your organization using a PCB or PCBs?	
9.	If yes, which ones? Since when?	
10.	Does the PCB you are using supply negative information only, or complete positive data as well?	
11.	Is it a comprehensive PCB, meaning data are shared by all lending sectors, including banks, retailers, non-bank financial institution (NBFIs), microfinance institutions, mobile telephone companies, and others? Please indicate which lending sectors.	
12.	What is the frequency of data submission?	
13.	What is the average cost your organization pays for every credit report request to the PCB?	
14.	Is there an annual fee or any other fee to be paid for the PCB usage?	
15.	Is the credit report automatically or manually retrieved by your system?	
16.	How do you access the PCB? For example, online via the internet, CPU-to-CPU, or manually via fax, tape, or telephone?	
17.	Do you always request a credit report for each and every application, meaning 100 percent of applicants?	
18.	In how many cases (percentage) is a guarantor required by your organization?	
19.	In how many cases is a report for the guarantor requested? For example, 100 percent of the applications may require guarantors.	
20.	Does a unique identification number – for example, a national ID, a tax number, or social security number – exist?	

21.	Is it used to search and retrieve data in the PCB? Are other search keys used? For example, name and date of birth?	
22.	Are lenders mandated to share data with a PCB?	
23.	Are lenders mandated to consult a PCB before granting a loan?	
24.	Is it mandatory to have consumer consent in order to share data or make an inquiry with a credit bureau? Do lenders record if they have consent?	
25.	Please write the contents of the consent clause as it is formulated in the credit application?	
26.	How long is information stored in the PCB?" For example, data may be stored for three, five, or seven years.	

3.9 The Central Bank Public Credit Registry (PCR) – Please answer the following questions:

1.	Is the central bank operating a PCR?	
2.	Are regulated entities mandated by law or regulation to contribute loan data?	
3.	Must all loans be contributed?	
4.	Is there any threshold? For example, if loans below a minimum amount must not be contributed. If yes, what is the threshold or limit?	
5.	Are regulated entities mandated to inquire with the PCR?	
6.	Apart from the banks, which other sectors are contributing data to the PCR? For example, microfinance institutions, financial institutions, or leasing companies? Please list them.	
7.	Does the PCR provide lenders with limited negative information only, or are complete positive data supplied?	
8.	What is the frequency of data submission?	
9.	Are the data supplied to the lenders in an aggregated form or are they detailed at account level?	
10.	Are historical data (both positive and negative) available to the lenders, or only the previous month's exposure?	
11.	Are arrears data available to lenders?	
12.	Is there any fee paid by the lenders to the central bank for each PCR inquiry? If so, how much?	
13.	Do lenders pay an annual fee for the central bank's service? If so, how much?	
14.	Is the credit report automatically or manually retrieved by your IT system? For example, is manual input necessary?	

15.	How do you access the PCR? For example, it may be accessed online via the internet, CPU-to-CPU, or manually with fax, tape, or telephone?	
16.	Do you always request a credit report for each and every applicant, 100 percent of the time, regardless of the loan type?	
17.	In how many cases (percentage) is a guarantor required by your organization?	
18.	In how many cases is a report for the guarantor also requested? For example, 100 percent of the applications may require guarantors.	
19.	Does a unique identification number – for example, a national ID, a tax number, or social security number – exist?	
20.	Is it used to search and retrieve data in the PCR? Are other search keys used? For example, name and date of birth?	
21.	Is it mandatory to have consumer consent in order to share data or make an inquiry with a credit bureau?	
22.	Is the consent limited to sharing data with the central bank, or does it also include third parties, including private agencies?	
23.	Please write the contents of the consent clause as it is formulated in the credit application?	
24.	How long is information stored by the central bank in the PCR? For example, data may be stored for three, five, or seven years.	

3.10 Credit Bureau and Registry Inquiries – If mandatory, please estimate the number of annual inquiries your organization will make to a PCB or PCR in the next three years based on your sales forecast and strategies:

NUMBER OF INQUIRIES	YEAR ONE	YEAR TWO	YEAR THREE
1 to 25,000			
25,001 to 50,000			
50,001 to 100,000			
100,001 to 200,000			
200,001 to 300,000			
300,001 to 500,000			
More than 500,001			

3.11 Information and Data - Please complete the table below. List the information used during the underwriting process, including external providers (for example, PCBs or negative data providers, or the central bank PCR), inquiry type, and for how many applications (percentage) it is used.

DATA TYPE	DESCRIPTION OF DATA USED	NAME OF PROVIDER OR PROVIDERS	ONLINE OR MANUAL INQUIRY	PERCENTAGE OF APPLICATIONS
Internal Data Used				
External Providers				
Other Information Used (for example, bank sector's pooled data)				

4. DATA ENVIRONMENT

4.1 Locations - How many locations process credit applications? Please complete the following table:

LOCATION	PERCENTAGE OF APPLICATIONS
Centrally	
Branches	
Agents	
Outsourced (third-party processing)	
Internet or Online Banking	
Other (please indicate)	
Please indicate if loan processing will be centralized should if a credit bureau be is established)	

4.2 Storage – How are the data – including both application and performance data – stored by your organization? Which format is used (paper or electronic)? Are the data stored centrally at the headquarters or locally, at regional hubs, branches, or elsewhere? Please complete the following table:

FORMAT	PERCENTAGE OF APPLICATIONS	LOCATION
Central System Electronic Files		
Microfilm		
Paper		
Other		
Internet or Online Banking		
Other (please indicate)		
Please indicate if loan processing will be centralized should a credit bureau be established)		

4.3 Master File - Is your master file kept at customer level or account level?

4.4 Language – In what language or languages are these records kept? For example, English, , and

4.5 Data Available - Please indicate, by marking below, whether any of the following information is collected:

CHARACTERISTIC	INDICATE M / O / NA (MANDATORY / OPTIONAL / NOT AVAILABLE)	INDICATE HOW MANY YEARS OF DATA ARE AVAILABLE
I. Personal Data		
Customer Type (individual, micro, or SME)		
Borrower Type (principal applicant, co-applicant, guarantor, or other)		
Full Name		
Age		
Date of Birth		

CHARACTERISTIC	INDICATE M / O / NA (MANDATORY / OPTIONAL / NOT AVAILABLE)	INDICATE HOW MANY YEARS OF DATA ARE AVAILABLE
Place of Birth		
Sex or Gender		
Marital Status		
Number of Dependents		
Home Address		
Telephone		
Tax or ID Number (if a different ID source is used, please specify)		
Employer		
Years at Work		
Employer's Telephone		
Income		
II. Business Information		
Name of Business		
Number of Employees		
Address of Business		
Legal Form of Business		
Industry Code		
Tax ID, Business Number, or a Different Identification (please specify)		
Length of Time in Business		
Length of Relationship with Lender		
Other Accounts Held with Lender		
III. Contract Information		
Type of Contract		
Contract Status (applied for, existing, rejected, pending, refused, or additional status markers)		
Date of Application		
Date Opened		
Date Closed		
Amount of Contract		
Number of Installments		
Accounts Balances		
Loan Payment Performance (history)		
Current Arrears		
Historical Arrears		
Worst Ever Arrears		
Write-offs		

Delinquency Code (overdue, collection, legal, or additional delinquency markers)		
Significant Derogatory or Public Information		

ANNEX C: TECHNICAL QUESTIONNAIRE

Are any banks or non-banks currently submitting data to a public credit registry (PCR), and/or commercial credit reporting company (CCRC), and/or a private credit bureau (PCB)? Describe the type of data being submitted, frequency, and the mode of submission.	
Briefly describe the overall information technology (IT) environment of the banking sector. For example, is it fully automated, modern, or does it use a legacy system? Do banks generally develop their own operating systems or do they use bespoke systems (SAP or Oracle, for example)? Has the sector made any preliminary investigations of what system changes, if any, will be required to submit data to a PCB? Are their core banking systems serviced onshore or offshore?	
With respect to microfinance institutions and other non-banks, do they have loan management software? Is it spread across various service providers or concentrated among a few? Do any still use manual loan management systems?	
What is the strength and reliability of internet connectivity in areas outside major towns and cities?	
If there is a unique identification (ID) database, will a credit bureau be able to access this information?	
Will a credit bureau be able to access the tax, vehicle registry, business registry, or any other public databases?	
If a credit bureau is fully operational, how many personal and commercial accounts is it expected to hold?	Forecasted Number of Accounts: Personal: Commercial:
Has a data specification template document been considered yet? Who will manage it?	
Are there any major technological constraints?	

ANNEX D: LEGAL QUESTIONNAIRE

[More detailed questionnaires on a legal framework for credit reporting appear in Module Two]

Is there a dedicated law or regulation on credit information and/or any general data laws, sub-laws, or codes of conduct? If so, please list them here.		
Is there a relevant ministry that drafts law or regulations?		
Is there an enforcement authority for laws relevant to information sharing?		
Are there any legal restrictions related to sharing bank data or non-bank data?		
What new rules or regulations, if any, are being proposed?		
Are there any consumer groups lobbying against credit bureaus?		
If there are dedicated laws or regulations, please review them for information on the following issues	ISSUE	REFERENCE WITHIN REGULATION
	Bank and non-bank data sharing	
	Positive and negative data sharing	
	Data submission, mandatory or voluntary	
	Data inquiries, mandatory or voluntary	
	Full criteria to obtain a credit bureau license, including company or director's experience, system requirements, compliance officer, compliance committee, and compliance reporting requirements	
	Data retention periods	
	External auditor requirements in relation to completing a compliance review	
	Credit bureau contracts with data users or data suppliers, including data users or suppliers offering warranties on data used or submitted	
	Consent clauses signed by borrower	

	Prohibited data (for example, race or religion)	
	Credit bureau responsibility to check for accuracy of data received, including validation rules	
	Duty of a credit bureau to follow up on rejected data	
	Resolving consumer complaints on data errors	
	Data provided for permissible purposes	
	Access control and security at a credit bureau	
	Data storage, back-up, and recovery at a credit bureau	
	Variables utilized in credit bureau score cards	
	Accuracy of credit bureau statistics submitted to the regulator	
	Non-compliance sanctions for data suppliers and the credit bureau	

ANNEX E: REPORT TEMPLATE

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GLOSSARY

ID	Identification
IT	Information Technology
MIS	Management Information Systems
MSME	Micro, Small, and Medium Enterprises
NPL	Non-Performing Loan
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium Enterprise
SWOT	Strengths, Weaknesses, Opportunities, and Threats
VIP	Very Important Person

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I. EXECUTIVE SUMMARY

As a result of market demands and at the request of the Central Bank of _____, [indicate engagement model] the commercial banks, together with _____ formed a [outline details relating to credit bureau company ownership structure, if one has been established] with the view to establishing and operating a for-profit credit reporting company, initially to meet the needs of the consumer, micro, small, and medium enterprises (MSME), small and medium enterprises (SMEs), and corporate sectors [delete those that are not applicable or alternatively outline a phased approach if that is to be adopted – for example, start with consumer SME then subsequently, the corporate sector]. It is intended that the credit bureau will service both the bank and non-bank financial sectors. [amend accordingly]

[Set out details of an advisory agreement] _____ DATE _____, _____ COMPANY _____ and the [organization/World Bank Group] signed an advisory agreement whereby _____ COMPANY _____ appointed the [organization/Bank Group] to provide a specific set of [nominate, if specific] advisory services. The services included

[for example, an assessment of the technical capacities of a chosen sample of data providers and users to provide and receive credit information relating to consumers, MSME, SMEs, and corporate companies [amend accordingly to reflect total deliverables]]. This report presents the findings and recommendations of this assessment. The presentation is organized along the following lines:

Included is a review of the legal framework governing credit information reporting in _____ COUNTRY _____ :

Sample Outline:

- [a] Whether the start-up and operation of a credit bureau is currently supported by a comprehensive legal framework enabling a credit reporting industry; or
- [b] If not, the current legal situation; or
- [c] Whether the regulator is happy for a credit bureau industry to be established without legal sanctions; or
- [d] Outline any legal impediments, such as a secrecy or privacy ban or data protection legislation that may impact the overall operation of a credit bureau and the sharing of positive and negative data; or
- [e] Whether there is any legal impediment against sharing or including data from official third-party databases – for example, national identification (ID) databases, the central bank risk bureau, or company and business registries; or
- [f] Outline whether consent is required for [1] existing records held by lenders, and [2] whether consent is required for new applications; or
- [g] Outline whether there is any minimum or maximum amount for reporting; or
- [h] Whether very important person (VIP) records are to be protected, either by legislation or local social norms.

Present relevant sections of any existing law and make recommendations on amendments if required.

Discuss the role of the central bank's public registry [if there is one] and the potential complementary role of a private credit bureau [whether data will be transferred to the credit bureau, or any alternative model for accessing to the data].

Include a strength, weakness, opportunity, and threats (SWOT) analysis of the start-up initiative:

Strengths 1.

Weaknesses 1.

Opportunities 1.

Threats 1.

Include a summary of assessment findings:

Outline the findings of the assessment:

- [based primarily on questionnaires sent out];
- [to who]; and
- [interviews held with whom and in what capacity].

Outline the sample of data providers taking part in the survey, which consisted of [for example, banks, non-banks, utility companies, third-party databases, or the central bank risk bureau].

List, in alphabetical order:

Provide a high-level critique of the questions and interviews, for example:

The questions and interviews explored the following areas:

Size, Quality, and Growth Estimates of Consumer, MSME, SME, and Corporate Credit Portfolios:

- Findings: It was found that [outline whether growing, static, or declining] in consumer, MSME, SME, and corporate credit.

Non-performing Loan (NPL) Ratios:

For example: While NPL ratios are relatively low now [outline specific details in separate table], the availability of good credit information is critical to manage risk going forward.

Management Information Systems (MIS) Infrastructure and Preferred Connectivity:

- Outline specific findings, for example: It was found that there is a wide variation in the examined institutions' hardware and software facilities [provide specifics].
- Institutions undergoing upgrading plans including those that may supply third-party data.
- The preferred connectivity of most institutions was [either application-to-application or internet].

Availability and Integrability of Data:

- For example: It was found that credit card data are by far the most uniformly acquired, electronically stored, and centrally used in automatic credit application processing across all banks.

- In other consumer credit and SME credit, the availability and quality of electronically stored data varied widely. [outline details]
- Confirm whether data are held in single language across all databases or whether dual language is a requirement.

The findings in each of the above areas are more completely outlined in the following tables:

Table: Size, Quality, and Growth Estimates of Consumer, MSME, SME, and Commercial and Corporate Credit Portfolios

Table : MIS Infrastructure and Preferred Connectivity

Table: Availability and Integrability of Data – Credit Cards

Table: Availability and Integrability of Data – Other Consumer Credit

Table: Availability and Integrability of Data – MSME Credit

Table: Availability and Integrability of Data – SME Credit

Table: Availability and Integrability of Data – Commercial and Corporate

Table : Availability and Integrability of Data – Credit Bureau Risk Bureau

Table : Availability and Integrability of Data – Third-party Databases

Outline recommendations based on the data sample provided by selected data providers and users:

For example:

- We recommend the credit bureau is launched by obtaining credit card identification data, credit data, and payment habits data from banks. In subsequent stages, more data, and more data providers, can be integrated.
- We recommend that the initial set of data providers and users form a user group as soon as possible, even before a vendor is selected. The aim is to start developing a code of conduct and coordinating efforts on connectivity between the bureau and the vendor.
- Banks and lenders should start working, individually or collectively, through the institute of banking or chamber of commerce, on developing credit bureau awareness training programs for their employees. Awareness sessions should start as soon as possible.
- A detailed analysis on data elements between different types of lenders and types of products will be required. Thereafter, we recommend that a mandatory set of data elements be required from data providers. We will provide individual banks and lenders with preliminary recommendations on how to complete their databases to be able to provide these mandatory data elements.
- We recommend the following matching and merging criteria is utilized: [for example, national ID, tax numbers, or logic incorporating names, surnames, addresses, dates of birth, gender, and other elements].

A more complete outline of recommendations can be found in the following tables:

Table: Roll-out Phasing Plan

Table: Mandatory Data Elements

Table: Recommendations to Data Providers

Table: Recommendations for Matching and Merging Logic

II. PURPOSE

On DATE, COMPANY and the [organization/World Bank Group] signed an advisory agreement whereby COMPANY appointed the [organization/Bank Group] to provide the following advisory services:

Outline the scope of advisory services:

For example:

- Review the technical capacities of data providers and users to provide and receive credit information relating to consumers and SMEs;
- Assist to develop a business plan, complete with a market assessment, an outline of products and services, an organizational structure, a pricing policy, and financial projections;
- Provide with technical advice to assist in soliciting proposals from world-class vendors of credit bureau platforms and to assist in the final selection of one;
- Provide ongoing technical support and transfer knowledge, and act as an honest broker up through DATE and
- Act as a special advisor to the board of COMPANY for an agreed period past the go-live start date.

This report is presented to the board of COMPANY in fulfillment of the services outlined above. The following is a brief description of the substantive sections of the report:

Section

Background

- For example: A review of the legal framework for credit information sharing in COUNTRY, a review of developments in the credit registry of the central bank [if there is one], some market observations, and a SWOT analysis of the credit bureau start-up.

Technical Review

- For example: A description of the methodology and scope of the review. This should be followed by a review of the relative technical capacities of the initial set of data providers and users [banks, non-bank credit providers, and third-party databases] to provide and receive personal and credit information relating to consumers, MSME, SMEs and commercial and corporate companies [amend accordingly].

Recommendations

- For example: In light of the technical review and the SWOT analysis, the following recommendations are proposed to [credit bureau] and to its data providers and users. To [credit bureau], the scope of service it should start with, what data it should insist on receiving initially from data providers (mandatory data elements), and the following stages of future development are recommended. [detail recommendations]. To data provider and users, some improvements in data acquisition, storage, and handling are recommended in order to be able to provide and receive data more effectively. [detail recommendations].

The recommendations in this report should factor in:

- [credit bureau] contractual negotiations with the selected vendor.
- The individual plans of data providers and users to make necessary changes in their data environment in order to be able to fully use the credit bureau's services; often, data providers are required to completely reengineer their whole loan origination and management processes – thus, besides the principle consideration of their data environment, it also includes aspects such as governance, budget, human resources, and technical skills.
- The requirements for matching and merging of records [for example, consumers, MSME, SMEs and commercial and corporate and relevant third-party databases, such as the national ID].

Technical terms used in this report are capitalized throughout the text of the report and are alphabetically listed and explained in a glossary at the end of the report.

III. BACKGROUND

A. LEGAL FRAMEWORK FOR CREDIT REPORTING IN COUNTRY

Credit information acquisition, processing, and reporting are regulated [or not regulated] in COUNTRY by a legal framework that has the following components: [If no legislation exists, mention findings around social norms and information sharing]

- Bank secrecy legislation [name]
- Executive regulations [name]
- Data protection legislation [name]
- Privacy legislation [name]
- Central bank legislation or directives [name]
- Ministry of finance legislation or directives [name]
- Ministry of commercial and industry legislation or directives [name]
- Presidential ruling or directive

The above legal framework [strongly supports, does not support, or prohibits] the establishment and operation of private credit bureaus in COUNTRY. It [does or does not] authorize the central bank or ministry [name] to license and supervise credit bureaus.

Questions to consider and detail:

- Are banks, mortgage, leasing, and utility companies obligated to exchange information with the bureau [with or without] customer consent?
- Are other non-credit providers [for example, employers] able to exchange information with the bureau after getting the appropriate consent from customers?
- Can government agencies access the credit bureau for approved purposes [for example, detection of a serious crime]?
- Are utilities such as telecommunications companies and electricity providers licensed or regulated by a separate authority that prevents them from sharing data?
- Can credit bureaus also get information from public third-party databases [for example, the commercial registry, civil registry, property registry, or court records?]
- Is there a requirement for a code of conduct that regulates the bureau's operations and its relationship to data providers, users, and customers within the legal framework?

- Is there a requirement for credit bureaus to enter into clear contractual agreements with each of its data providers and users, appointing a compliance officer to oversee the application of the bureau's code of conduct?
- Are there penalties for breaches of either the code of conduct or membership agreement?
- Are there regulated self-inquiry or dispute resolution mechanisms?

[As a consequence of the contents of this section, recommendations may be needed around the legal environment. This may include amendments to existing legislation or the drafting of new legislation. NOTE: If the team is proposing legislation promoting, for example, a credit bureau's licensing by the central bank, will rules and regulations need to be drafted? What are the processes and procedures within the central bank to assist with these tasks?]

B. PUBLIC REGISTRY OF THE CENTRAL BANK [IF THERE IS ONE]

Outline here what role the central bank currently has with respect to the risk bureau, the data it contains, and whether that data will be made available to the credit bureau. If so, on what terms and how and what is the mechanism for matching and merging that data with other sources of data [for example, is dual language considered]?

Will banks be required to continue to submit data to the credit bureau risk bureau, and if so, how and on what terms?

For example:

As part of its supervisory role of the financial system, the central bank maintains a credit registry, which banks, mortgage, and leasing companies are obligated to report to and get information from. The credit registry was established pursuant to _____, and its scope and operation are regulated by [detail regulation].

Are there any reporting obligations for banks, mortgage, leasing companies, or others [those companies supervised by the central bank]?

For example:

The central bank requires banks, mortgage, and leasing companies to report and update, by branch, on:

Examples could include [delete those not applicable]:

Identification data on every new, non-consumer client and each of their joint partners and guarantors:

For Individuals:

- Name
- Address
- Occupation
- Type of ID (national ID, passport, or residency permit for foreign nationals)
- ID number
- Date of ID Issue
- Date of Birth
- Place of Birth

For Companies:

- Name
- Address
- Legal Form
- Activity
- Commercial Registration Number
- Date of Commercial Registration
- Date of Official Gazette (where establishment was declared) [or other such publication, if there is one]
- Issue Number of Official Gazette [or other such publication, if there is one]

Disclosure data on related parties [guarantor or shareholder [for businesses only] of every new, non-consumer client, where related parties could be defined as follows:

Examples could include [delete those not applicable; these will be different for every jurisdiction depending on specific legal requirements]:

- For individuals, related parties could be relatives, sole proprietorships, guarantors, joint partners, and any other company under the effective control of the individual.
- For companies, related parties could be joint partners, members of the board, major shareholders, and any other company under the effective control of the company.

The following could be examples of identification data required for each related party:

For Individuals

- Name
- Address
- Occupation
- Type of ID (national ID, passport, or residency permit for foreign nationals)
- ID number
- Date of Birth
- Place of Birth
- Type of Relationship

For Companies

- Name
- Address
- Legal Form
- Activity
- Commercial Registration Number
- Type of Relationship

The following could be examples of financial instrument or loan contract data that may be required by the bureau. This is not an exhaustive list and will be dependent on the data available:

- Contract date between a new, non-consumer borrower and the financial institution
- Credit data for all borrowers and joint partners to whom the facilities extended total is more than [if there is a cut off amount], as well as guarantors whose non-cash guarantees exceed [if there is a cut off amount]:

- Credit Type
- Credit Limit
- Outstanding Balance

Negative payment data of all non-consumer borrowers:

- Borrower Name
- Legal Form
- Credit Type
- Credit Limit
- Date of Approval
- Outstanding Balance
- Date of Default
- Names of Guarantors or Joint Partners
- Type of Legal Action by Financial Institution, if any
- Date of Legal Action by Financial Institution
- Type of Legal Action by Borrower, if any [claiming that they do not owe money claimed]
- Date of Legal Action by Borrower
- Date of Settlement Decision by Financial Institution
- Date of Settlement as Signed by Borrower
- Date of Write-off
- Any Subsequent Changes [recoveries, for example]
- Any Criminal Convictions for Fraud or Similar Activity

Negative consumer borrower payment data, where default is defined as non-payment for [days or months] after due date, as defined by the financial institution, central bank, or credit bureau under the code of conduct or membership agreement. [The definition of default requires agreement. The definition should be common across all sectors, including banks, non-bank financial institutions, telecommunications companies, and others. The term is sometimes defined by the central bank, but not always]:

- Borrower Name
- Credit Type
- Credit Limit
- Outstanding Balance
- Period Since Default
- Legal Action by Financial Institution, if any
- Date of Legal Action by Financial Institution
- Type of Legal Action by Borrower, if any [claiming that they do not owe money claimed]
- Date of Legal Action by Borrower
- Date of Settlement Decision by Financial Institution
- Date of Settlement, as Signed by Borrower
- Date of Write-off
- Any Subsequent Changes [recoveries, for example]
- Criminal Convictions for Fraud or Similar Activity

If lenders have to provide this information electronically, do they have to support it with or without paper documentation and how often [at least once a month, quarterly, or at a different interval]?

Do banks and other institutions regulated by the central bank have to continue to inquire with the central bank risk bureau [if there is one] once the credit bureau is operational?

C. MARKET OBSERVATIONS

Credit Information Rankings - Peer Review

	COUNTRY	NEIGHBORING COUNTRY (THAT ALREADY HAS A CREDIT REPORTING SYSTEM)	REGIONAL BLOC (FOR EXAMPLE, LATIN AMERICA)	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)
Getting Credit Ranking				
Depth of Credit Information Index (0-8)				
Credit Bureau Coverage (percentage of adult population)				

The following could serve as examples of general market observations pertaining to a credit bureau start-up:

There is widespread support for the development of a private sector credit bureau initiative. The level of understanding within the banking community as to what a credit bureau is and what it does is very elementary. This has two important implications:

- Banks and non-bank financial institutions constituting the initial set of data providers and users will require considerable on-site guidance during the initial implementation phases. This guidance will help ensure they can provide quality data in the required format within reasonable time frames that wouldn't delay the credit bureau start-up
- Those banks and non-bank financial institutions will need to provide considerable training to their specialists in order to enable them to fully appreciate the services of the credit bureau while allowing them to adopt the necessary technical and process changes to make best use of this new and significant data source.

There is no consensus of what the new credit bureau should look like. This means lots of uncertainty about:

- What data should be incorporated in the new bureau?
- Who may participate in the bureau (members, reciprocity)?
- What services should be developed?

The majority of banks and non-banks are currently in transition, switching focusing from traditional corporate customers to a mixture of corporate and retail portfolios. This has profound implications in regard to:

- The availability and validity of historical information
- The ability to automatically report data on traditional asset portfolios (for example, assessor loans)

- Legacy systems' flexibility to adapt to the requirements and output of a credit bureau
- The changing environment that currently exists within a number of banks that are currently replacing legacy systems
- The availability and prioritization of IT resources that could be channeled to support adaptations required for the new credit bureau
- No current standardization of formats or language used within the systems

There is currently no unique identification system for individuals. Lenders tend to manually match, using a combination of name, address, and date of birth. This is unreliable and will have severe consequence in terms of data integrity unless addressed.

The key growth area in terms of portfolio risk is within the retail consumer market, and there are concerns about a potential bubble being created within the consumer credit card environment.

D. SWOT ANALYSIS

The following can serve as an example of a detailed SWOT analysis. The list is not exhaustive and will depend on the local environment [including legal, regulatory, competitive, data availability, and data quality factors] as well as the physical infrastructure around connectivity, security, and power supply.

STRENGTHS	
Market Support	There is widespread support for the development of a private sector credit bureau initiative throughout the credit providing community.
Central Bank Support	The central bank's robust support of the credit bureau start-up initiative is a strong incentive for commitment and cooperation between data providers and users in an otherwise complex, demanding, and relatively lengthy process.
Legal Framework	The current legal framework strongly supports the establishment and operation of a private credit bureau.
WEAKNESSES	
Matching Criteria	The current lack of a universally accepted and recorded unique national ID across all financial industries and relevant databases will potentially provide challenges for both the technical partner and bureau members. Accurately identifying individuals, and subsequently linking records – both within the bureau and accessing third-party databases – may be challenging. This issue is exacerbated by data collection techniques that incorporate a mix of languages [dual and multi-language issues] and subjective translation between the two, for example, with names.
Data Quality	The lack of definitive matching criteria commonly creates issues of data quality, both at the individual member or lender level and at the credit bureau.
Level of Awareness	There is a limited level of awareness in the banking and non-banking financial community as to the nature of a credit bureau's operation and the impact of the latter on the credit environment. This can strain the commitment of data providers in the beginning.
Industry Expertise at Credit Bureau	The bureau will need to quickly identify and recruit into management team specialists with solid experience in the field.

OPPORTUNITY	
Market Growth	The market presents a potentially vibrant and active credit environment, especially in the retail consumer and SME markets. This demand-led economy will force improvements to supply capacity and provide the credit bureau with the business volumes required to ensure future financial sustainability.
Improved Access to Finance	<p>Historical bad debt experiences and liquidity issues have resulted in a number of local lenders becoming increasingly risk averse. This, in turn, leads to an over-reliance on collateral and reluctance to develop new markets, such as lending to SMEs.</p> <p>A key consequence of building a full-service private sector credit bureau will be a significant reduction in the information asymmetry between lender and borrower. This, in turn, should lead to an increased appetite for risk on the part of the lender and, thereby, improved access to credit on the part of the borrower.</p> <p>The collation of credit history data, both positive and negative, especially at the retail level, should also see a significant reduction in the requirement for loan collateral. This will both improve access to credit and increase the potential size of the market.</p>
Improved Lending Methodology	Currently, the majority of lenders are using manual, subjective lending methodologies. While these techniques have a proven track record in corporate lending environments, they are not well-suited for retail and SME lending, both mass markets. In order to optimize the use of credit bureau data, lenders will, in time, learn to adopt alternative best practice lending methodologies, such as credit scoring. These techniques will potentially increase market capacity and access to finance, and improve the quality of lending decisions, reducing NPLs.
Identification of Consumer Credit Exposure	<p>The key growth area in terms of portfolio risk is currently within the retail consumer market, and in particular, the consumer credit card environment. Lenders cannot currently access data about exposure via a search-inquiry database, limiting information on the number of previous retail credit applications made by an individual, for example. As a result, a lender faced with a new application for consumer credit – for example, a credit card – is unable to establish current or potential indebtedness or the individual’s ability to service debt.</p> <p>Although difficult to prove, it is reasonable to assume that lenders are currently targeting the middle-class customer base. If left unaddressed, this situation could create a credit bubble, which in the event of adverse economic conditions, could lead to over-exposure and inability to service debt.</p>
THREATS	
Dual or Multi-Language Enabling	Initially enabling the credit bureau in dual language, particularly with the lack of a unique national ID number, has the potential to delay the start-up. Translations and dual-language data can be fraught with issues.
Technical Resource Constraints of Data Providers and Users	Each lender will need to dedicate IT resources to the project in order to build the data extraction routines required to supply data to the bureau. This resource is finite and typically available only on a priority or scheduled basis. In addition to the manpower capacity, it should be noted that a number of lenders interviewed advised that they are currently engaged in either merger activity, or major upgrades of core banking infrastructure. This has the potential to impact the ability to commit resources to the credit bureau project.

TECHNICAL ASSESSMENT FINDINGS

Methodology

Purpose:

The purpose of this study is to assess the technical ability of a chosen sample of data providers and users to provide information to, and receive and use information from, the credit bureau. [Decide whether to focus the scope of this study on consumer MSME, SME, commercial and corporate loans, or a different specific sector depending on bureau's target market].

Examples could include:

Size, Quality, and Growth Estimate of the Consumer and SME Credit Portfolio:

This area was investigated because it gives an indication of the potential demand for the credit bureau's services.

MIS Infrastructure:

Information about this area is an essential starting point in the effort to connect data providers to the credit bureau or the bureau to third-party databases.

Availability and Integrability of Data:

Here we needed to get a rough estimate of the amount of data that data providers can possibly give to the credit bureau upon launch. Integrability of data is the extent to which the credit data stored by data providers are used in automated decision making, either by providing statistical credit scores or by being used in automatic application processing. This area gives an indication of the ability of data providers to make optimum use of the credit bureau's services.

Chosen Sample

Outline the chosen sample of data providers and users and third-party databases utilized, explaining why:

The institutions, listed alphabetically include:

[list institutions and type]

Sources of Information

[list sources of information]

Examples could include:

The information in this report is principally based on:

- A questionnaire distributed to the chosen institutions, followed by supplementary [questionnaire or questionnaires];
- Direct interviews with the institutions during site visits; and
- A detailed analysis of data samples provided by _____ institutions.

Summary of Findings [summarize findings here]

Examples could include:

Size, Quality, and Growth Estimate of Consumer and SME Credit Portfolio

Findings for each bank are summarized in [table XX] below. The following are general remarks:

- Many banks use a definition of SMEs that relates to the size of the credit facility provided, rather than the size of the enterprise. For many banks, a loan was classified as SME if less than [detail]. This is inconsistent with the recently passed [regulation] defining small and microenterprises in terms of the capital and earnings of the enterprise requesting credit [add citation]. The definition of the banks was retained in this report, but it must be noted that figures will differ when the new national definition is applied.
- NPL is defined as 90 days past-due.
- Growth estimates for credit cards indicate a booming market, which highlights the critical importance of the proposed credit bureau.
- Central bank regulation defines SME as companies with loans up to [detail].

MIS Infrastructure

Findings for each bank are summarized in [table XX] below. The following are general remarks:

- The banks exhibit high variability in their credit cards and core banking systems. This highlights the importance of having the technology provider work with individual banks in order to enable each to upload data to the credit bureau.
- Bank A and Bank B have plans to upgrade the hardware and software of their core banking and credit card systems. This may place considerable strain on their resources once the credit bureau project starts ramping up its activities.
- Bank C does not yet have MIS in all branches, but intends to complete this project within 18 months. This will have an impact on Bank C's ability to upload a complete dataset to the credit bureau.

Availability and Integrability of Data

Findings for each bank are summarized in [table] below. The following are general remarks:

- Only Bank D and Bank E maintain electronic files on declined applications.
- In most banks, names are stored as a single string. It is recommended to separate the name into first name, father's name, grandfather's name, and family name. This reduces error and enhances the capabilities for matching and merging data in the databases of banks and the credit bureau by improving identification.
- Only Bank F holds national ID data, but this is not verified.

- Third-party database [business registry] does not hold data in a format that will allow matching and merging with like data within the credit bureau environment.

TABLE: SIZE, QUALITY, AND GROWTH ESTIMATES OF CONSUMER AND SME CREDIT PORTFOLIOS

Count Figures Approximated to Nearest 500

NS: Not Specified by Bank

Bank	Consumer Credit							Corporate				
	Credit Cards				Other Consumer Credit			MSME Credit				
	# of Accounts	# of Customers	Year-on-Year Growth	Non-performing Loan (NPL) Rate Estimate	# of Accounts	# of Customers	Year-on-Year Growth	NPL Rate Estimate	# of Accounts	# of Customers	Year-on-Year Growth	NPL Rate Estimate

* estimated growth for next year

TABLE: MANAGEMENT INFORMATION SYSTEMS (MIS) INFRASTRUCTURE AND PREFERRED CONNECTIVITY

NS: Not Specified by Bank

Bank	Preferred Connectivity to Bureau	Credit Cards			Core Banking		
		Hardware	Software	Upgrade Plans in 12 months	Hardware	Software	Upgrade Plans in 12 months

TABLE: AVAILABILITY AND INTEGRABILITY OF DATA – CREDIT CARDS

NS: Not Specified by Bank

Bank	Connectivity		Language of Stored Data	Current Clients Data Availability				Past Clients Data Availability				Integrability of Stored Data	Estimate # of CLIENTS to be PROVIDED to Bureau
	Degree of Automation	Central Database		Personal Data	Credit Data	Positive Payment Data	Negative Payment Data	Personal Data	Credit Data	Positive Payment Data	Negative Payment Data		

- Degree of Automation is the percentage of branches with electronic data storage.
- Language is the language in which data are entered and stored in the system: E means English; A means LANGUAGE and A/E means dual language.
- Identification data, credit data, positive payment data, and negative payment data are used as defined in the glossary. ‘Partial’ means that some data are held in electronic format, while the rest are held only on paper. ‘Full’ means that all data are available in electronic format. ‘None’ means no data are available in electronic format. The number of months in the Positive Payment Data column indicates the historical record of payments available.
- Integrability is an indication of the extent to which stored data are used in credit decision making. ‘Credit Scoring’ means that the data are used to statistically determine a credit score. ‘Application Processing’ means that there is automated application processing. ‘None’ means the credit granting process is completely manual.

TABLE: AVAILABILITY AND INTEGRABILITY OF DATA – OTHER CONSUMER CREDIT

Bank	Connectivity		Language of Stored Data	Current Clients Data Availability				Past Clients Data Availability				Integrability of Stored Data	Estimate # of CLIENTS to be PROVIDED to Bureau
	Degree of Automation	Central Database		Personal Data	Credit Data	Positive Payment Data	Negative Payment Data	Personal Data	Credit Data	Positive Payment Data	Negative Payment Data		

- Language is the language in which data are entered and stored in the system: E means English; A means LANGUAGE and A/E means dual language.
- Identification data, credit data, positive payment data, and negative payment data are used as defined in the glossary. ‘Partial’ means that some data are held in electronic format, while the rest are held only on paper. ‘Full’ means that all data are available in electronic format. ‘None’ means no data are available in electronic format. The number of months in the Positive Payment Data column indicates the historical record of payments available.

- *Integrability is an indication of the extent to which stored data are used in credit decision making. ‘Credit Scoring’ means that the data are used to statistically determine a credit score. ‘Application Processing’ means that there is automated application processing. ‘None’ means the credit granting process is completely manual.*

TABLE: AVAILABILITY AND INTEGRABILITY OF DATA – MICRO, SMALL, AND MEDIUM ENTERPRISE CREDIT

NS: Not Specified by Bank

Bank	Connectivity		Language of Stored Data	Current Clients Data Availability				Past Clients Data Availability				Integrability of Stored Data	Estimate # of CLIENTS to be PROVIDED to Bureau
	Degree of Automation	Central Database		Personal Data	Credit Data	Positive Payment Data	Negative Payment Data	Personal Data	Credit Data	Positive Payment Data	Negative Payment Data		

- *The Degree of Automation column refers to the percentage of branches with electronic data storage.*
- *Language is the language in which data are entered and stored in the system: E means English; A means and A/E means dual language.*
- *Identification data, credit data, positive payment data, and negative payment data are used as defined in the glossary. ‘Partial’ means that some data are held in electronic format, while the rest are held only on paper. ‘Full’ means that all data are available in electronic format. ‘None’ means no data are available in electronic format. The number of months in the Positive Payment Data column indicates the historical record of payments available.*
- *Integrability is an indication of the extent to which stored data are used in credit decision making. ‘Credit Scoring’ means that the data are used to statistically determine a credit score. ‘Application Processing’ means that there is automated application processing. ‘None’ means the credit granting process is completely manual.*

TECHNICAL ASSESSMENT RECOMMENDATIONS

[List your technical assessment recommendations based on your findings]

Examples could include:

A. Roll-out Phasing Plan

It is recommended that the credit bureau develop its database and roll out its services in a gradual, phased approach. The proposed roll-out phasing plan aims to:

- Capitalize on the existing credit reporting infrastructure
- Minimize development and deployment risk
- Optimize time to market
- Make available to credit providers their most-urgent credit information needs first

The recommended roll-out phases, and the rationale for each, are outlined below:

TABLE: ROLL-OUT PHASING PLAN

PHASE	DATA PROVIDERS	DATA PROVIDED	USERS	SERVICES OFFERED	RATIONALE
Phase One	A small subset of banks, chosen to represent a sizeable portion of the consumer credit market	<ol style="list-style-type: none"> 1. Identification data of credit card clients 2. Credit data of credit card clients 3. Payment habits data of credit card clients (positive and negative) 	Same as data providers	Credit files for credit card applicants	Credit cards were chosen because the segment is risky, but fast-growing. Additionally, most banks have the technical capability to provide and use information on credit card clients.
Phase Two	<ul style="list-style-type: none"> • More banks • Some non-banks • Public records • Credit registry of the credit bureau 	<ol style="list-style-type: none"> 1. As per bank's capability: identification data, credit data and positive payment data of individual and corporate clients 2. Public records data 	Banks and non-banks that provide data	Credit files	By the time this phase kicks in, more banks and non-banks will have had a chance to upgrade their systems to be able to provide and use information from the credit bureau.
Phase Three	<ul style="list-style-type: none"> • More banks • More non-banks 	<ol style="list-style-type: none"> 1. As per bank's capability: identification data, credit data and positive payment data of individual and corporate clients 2. Public records data 	Banks and non-banks that provide data	<ul style="list-style-type: none"> • Credit files • Value-added services 	By this stage, the credit bureau will have developed a wealth of historical information that can support value-added services.

Remarks on the proposed roll-out phasing plan:

Examples could include:

A credit bureau solution vendor will help data providers set up a proper interface with the credit bureau:

Exchanging information with a credit bureau requires a proper technical interface between the credit bureau and each data provider. Setting up this technical interface is one of the principal technical challenges in the launch and operation of a credit bureau. For most banks, credit card information was

found to be the easiest class of information to exchange with a credit bureau, hence our recommendation to start the credit bureau's operations with credit card information. The credit bureau platform vendor will be required, as part of its contractual obligations, to assist individual data providers with data uploads to the bureau and to create an interface to the credit registry of the central bank.

Data providers may not necessarily be at the same phase simultaneously:

Not all data providers – whether banks or non-banks – will be able to provide the same types of information to the credit bureau at the same time. It is possible to create separate protocols with each data provider and user in order to maintain the reciprocity principle. For example, at any point in time, a user will only be able to get credit files with data types corresponding to the data type that the user provides to the credit bureau. Even in phase one, those banks that have the infrastructure to deliver credit data and positive payment habits data on non-credit card clients may well do so.

Value-added services need lots of historical data, requiring waiting until later phases. Value-added services are mostly credit applicant information, apart from information included in credit files. A bureau can produce this information by performing statistical studies on its databases. Examples of value-added services:

- Credit Scoring
- Fraud and Dispute Analysis
- Identity Verification
- Basel II Models
- Historical and Behaviour Statistics
- Application Processing
- Portfolio Monitoring and Early Warning Tools

The statistical methods required for most of these services need lots of historical information. Because of this, it is recommended that the credit bureau only start providing value-added services by the end of phase two or by phase three. Normally, these services are provided after at least two to three years from initial start-up.

Mandatory Data Elements:

Examples could include:

The credit bureau needs to make sure that it starts with the highest-quality data in order to quickly build a track record of credibility in the credit community.

In the initial phase of the credit bureau's roll-out, we recommend that it requests identification data, credit data, and payment habits data on the credit card clients of its initial user sets. The credit bureau needs to ask its data providers and users to provide a minimum set of data and mandatory data elements for each of their borrowers. Mandatory data elements should not be wide-reaching, and should instead be of the highest standards of completeness and validity. Mandatory data elements are selected to enable the creation of the most basic credit file for a data subject.

Below is a range of possible borrower data elements to be provided and a recommendation in regard to whether or not a given data element should be made mandatory:

IDENTIFICATION DATA	
First Name	Mandatory
Father's Name	Mandatory
Grandfather's Name	
Family Name	Mandatory
ID Type	Mandatory
ID Number	Mandatory
ID Date of Issue	
Date of Birth	Mandatory
Place of Birth	
Nationality	
Sex	Mandatory
Current Home Address	
Home Address Within Last Three Years (if different)	
Home Phone	
Mobile Phone	
E-mail Address	
Current Employer	Mandatory
Occupation	Mandatory
Yearly Income	
Current Work Address	Mandatory
Current Work Phone	
Years with Current Employer	
Name of Spouse	
Mother's Name	
CREDIT CARD DATA	
Date of Application	Mandatory
Date of Card Issuance	Mandatory
Credit Ceiling	Mandatory
Expiry Date of Card	Mandatory
Collaterals	
Currency of Card	Mandatory
Outstanding Balance	Mandatory
Change in Terms*	
PAYMENT HABITS DATA	
Past-due Balance >90 days	Mandatory
Period Since Default	Mandatory
Monthly Payment History for Past 12 Months	Mandatory
Legal Action by Financial Institution, if any	Mandatory

* Extension, lower interest

The following data elements with respect to identification data could be made mandatory at a later stage if the data are available:

- ID Date of Issue
- Yearly Income

The following data elements with respect to credit card data could be made mandatory at a later stage if the data are available:

- Collaterals
- Change in Terms

Further Recommendations on data elements:

Examples could include:

- The central bank directive stipulates that the ID Number to be used for individuals should be the National ID for nationals and the Passport Number for foreigners. Banks, however, have been granted a holiday on the application of this rule and the old ID continues to exist and be accepted. The exclusive use of the National ID as a unique identifier of nationals is critical for ensuring a high standard of data quality in the databases of the credit bureau. We strongly recommend that the Central Bank reactivates its rule on National IDs as soon as possible.
- It would be very useful if the National ID is augmented with a "check digit" that ensures the ID is entered correctly.
- The credit bureau could enhance the quality of the data by using "entry templates" for many of the data elements. For example, date of birth can have a system-fixed format of mm/dd/yyyy. Other data elements can be chosen from drop-down menus, such as titles, gender, and address.

Recommendations to Data Providers/Users:

Group Recommendations:

Examples could include:

- All lenders should develop programs for training employees on credit bureaus. The institute of banking or chamber of commerce can develop such a program for the benefit of the whole banking and lending community.
- The chosen sample of data providers and users might find it useful to form a users group. Among other things, the users group will work with the credit bureau on the development of a code of conduct for the bureau and for the development of the necessary contract templates.
- The credit bureau project is going to require significant resources from each bank and lender. All banks and lenders will need to plan accordingly, but because some banks and lenders are in the middle of major restructuring and upgrading projects, they will critically need to budget extra resources for the credit bureau project. These banks and lenders are highlighted in the individual recommendations section below.

Individual Recommendations:

An example could include:

- The technical assessment findings revealed a number of system improvements that the chosen sample of data providers will need to address either on their own or in collaboration with the technology provider in order to be able to exchange information with the credit bureau.

TABLE: RECOMMENDATIONS TO DATA PROVIDERS

[Examples]

Shaded cells indicate required recommendations:

RECOMMENDATION	BANK A	BANK B	BANK C	BANK D	BANK E	Bank F	CENTRAL BANK BUREAU	THIRD-PARTY DATABASE
Break down the single data string of stored names into separate fields (for example, first name, father's name, and others)								
Backfill the identification data database in line with mandatory data elements recommendations								
Translate all data fields in credit card database to English in addition to the country's principle language								

MODULE 02

Credit Infrastructure Global Solutions Group

ESTABLISHING A CREDIT REPORTING LEGAL FRAMEWORK

2018



Schweizerische Eidgenossenschaft
Confédération suisse
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Glossary

CRSP	Credit Reporting Service Provider
FSAP	Financial Sector Assessment Program
GPCR	General Principles for Credit Reporting
ICCR	International Committee on Credit Reporting
IFI	International Financial Institution
IMF	International Monetary Fund
PCB	Private Credit Bureau
PCR	Public Credit Registry

MODULE 02

1. BEFORE STARTING THE ASSESSMENT

1.1 INTRODUCTION

This module deals with establishing or enhancing a country's credit reporting legal framework. It can be used to help develop a regulatory strategy and proposal for a credit reporting project in a given country.

The legal framework for credit reporting differs from country to country, and may include a combination of credit reporting laws, banking laws, data protection laws, consumer protection laws, fair credit granting and consumer credit regulations, and personal and corporate privacy and secrecy provisions. In some countries, specific credit reporting laws have been enacted. Most of these laws have been developed over the past decade and were modeled after the Fair Credit Reporting Act (1971) in the United States. Other countries have adopted credit reporting regulations, usually issued by the ministries of finance or central banks, based on powers bestowed on them through banking legislation. The European Union and several countries regulate credit reporting activities under broad data protection laws that cover not only credit reporting activities, but also other relationships and transactions involving data management and exchange.

1.2 WHO SHOULD USE THIS MODULE?

Apart from Bank Group staff, assessors are likely to include those carried out by relevant national public sector authorities or, externally, by clients, partners, government agencies, or other international financial institutions (IFIs), such as the International Monetary Fund (IMF). External assessments may be performed on an ad hoc basis, for example, in response to a specific request made by national authorities. External assessments are also likely to be performed as part of programmatic assessment initiatives in the financial sector, in particular – though not exclusively - the IMF-World Bank Financial Sector Assessment Program (FSAP). It should be noted that only those assessments carried out by the relevant national public sector authorities or by Bank Group staff or IFIs will typically be considered as having some form of official validity and as being binding. General skill requirements to perform an assessment have already been detailed in the toolkit's introduction. As additional requirements, a balanced set of skills would include detailed knowledge of: credit reporting and financial institution operations, credit reporting value-added services, the General Principles for Credit Reporting (GPCR), and relevant policy, regulatory, and oversight knowledge. It is recommended that parties are also familiar with broader financial sector development and overall financial stability concepts and issues. In particular, the degree of cooperation with the relevant parties during the assessment should be reflected in the assessment report.

1.3 ASSESSMENT AREAS

In 2009, an international task force coordinated by the Bank Group, with support from the Bank for International Settlement, was created with the ultimate goal of producing international standards for credit reporting. The task force comprised representatives from central banks and other financial and data privacy regulators, from multilateral organizations involved in credit reporting, and from credit reporting service providers, represented through their associations. As a first result of such work, the GPCR were produced and published in September 2011. GPCR Four, "Legal and Regulatory Environment," is used as a basis of assessment for this module.

1.4 SCOPE OF REGULATORY FRAMEWORK

The overall legal and regulatory framework for credit reporting should be clear, predictable, nondiscriminatory, proportionate, and supportive of consumer rights. The framework could relate to any one Credit Reporting Service Provider (CRSP) operating in a particular market. The framework should also include effective judicial or extrajudicial dispute resolution mechanisms. Ideally, the framework should enable and promote the development of secure, efficient, and reliable credit reporting systems, while fostering competition in the credit market and protecting the rights of consumers with respect to their personal information. As recognition grows that credit reporting systems are vital to strengthening financial infrastructure and ultimately access to finance, more and more countries are increasing efforts to create an optimal legal and regulatory environment for these activities.

The General Principles for Credit Reporting

General Principles for Credit Reporting is a publication that outlines the public policy objectives for credit reporting systems:

Credit reporting systems should effectively support the sound and fair extension of credit in an economy as the foundation for robust and competitive credit markets. To this end, credit reporting systems should be safe and efficient, and fully supportive of data subjects and consumer rights.

General Principle 1: Data

Credit reporting systems should have accurate, timely, and sufficient data – including positive data – collected on a systematic basis from all relevant and available sources, and should retain this information for a sufficient amount of time.

General Principle 2: Data Processing: Security and Efficiency

Credit reporting systems should have rigorous standards of security and reliability, and be efficient.

General Principle 3: Governance and Risk Management

The governance arrangements of CRSPs and data providers should ensure accountability, transparency, and effectiveness in managing the risks associated with the business and fair access to the information by users.

General Principle 4: Legal and Regulatory Environment

The overall legal and regulatory framework for credit reporting should be clear, predictable, non-discriminatory, proportionate, and supportive of data subjects and consumer rights. The legal and regulatory framework should include effective judicial or extrajudicial dispute resolution mechanisms.

General Principle 5: Cross-Border Data Flows

Cross-border credit data transfers should be facilitated where appropriate, provided that adequate requirements are in place.

RECOMMENDATIONS FOR EFFECTIVE OVERSIGHT

Recommendation A:

Credit reporting systems should be subject to appropriate and effective regulation and oversight by a central bank, a financial supervisor, or other relevant authorities. It is important that one or more authorities exercise the function as primary overseer.

Recommendation B:

Central banks, financial supervisors, and other relevant authorities should have the powers and resources to effectively carry out their responsibilities in regulating and overseeing credit reporting systems.

Recommendation C:

Central banks, financial supervisors, and other relevant authorities should clearly define and disclose their regulatory and oversight objectives, roles, and major regulations and policies with respect to credit reporting systems.

Recommendation D:

Central banks, financial supervisors, and other relevant authorities should adopt, where relevant, the GPCR and related roles, and apply them consistently.

Recommendation E:

Central banks, financial supervisors, and other relevant authorities, both domestic and international, should cooperate with each other, as appropriate, in promoting the safety and efficiency of credit reporting systems.

It is crucial that the actual practice (including laws, rules, and regulations) in a given country in the different areas of credit reporting be considered as the basis of the assessment. While the existing laws, regulations, rules, and any other similar written provisions are relevant, staff should place strong emphasis on the ways in which such laws, regulations, and rules are applied in practice.

In this regard, the primary responsibility for ensuring the implementation of the general principles lies with the owners and operators of the systems, CRSPs. CRSPs may wish to review or self-assess their own systems periodically against the GPCR to identify areas that may require improvement to conform to international standards and best practices. As explained later in detail, assessment of observance of the general principles, related roles, and the recommendations for effective oversight is performed at the country or jurisdictional level with the aim of identifying opportunities for improvement of the country's credit reporting industry as a whole. Assessments by individual CRSPs are, by their own nature, highly unlikely to have the intended scope or lead to such an outcome. In this regard, efforts by an industry-wide body, where such an organization exists, may be conducted to determine observance of the GPCR at the country or jurisdictional level. However, in general, such a scope is more likely to be pursued by the relevant national authorities. The General Principles Report emphasizes the need for central banks and other financial supervisors to promote implementation of the GPCR by undertaking periodical assessments of observance in their jurisdictions, including a self-assessment of their own observance of the recommendations for effective oversight of credit reporting systems.

MODULE 02

2. CONDUCTING THE ASSESSMENT

2.1 PREPARATION

The objective is to secure as much information and clarity with respect to the legal and regulatory environment as possible and to report the findings and recommendations. When preparing for the assessment, there is a requirement to create a detailed work plan and to identify counterparties who can assist and provide detailed information as well as informed opinion.

It is critical to confirm that all regulatory stakeholders are aware of the assessment and have given permission for the information being sought in the various questionnaires being provided by the respective interviewees.

2.2 WORK PLAN

Partners, stakeholders, and Bank Group staff in any country typically face the following credit reporting regulatory framework scenarios:

- (i) No general or specific legislation exists;
- (ii) Some general (data protection) legislation exists, but is not particular to a credit reporting mechanism;
- (iii) An attempt has already been made to formulate some credit reporting regulations, but that is still in its infancy and subject to review; and
- (iv) A full credit reporting act or dedicated credit reporting regulation already exists.

With respect to scenario (i), Annex A provides general provisions when considering the introduction of a new credit reporting law. With respect to scenarios (ii) and (iii), Annex C provides a detailed questionnaire to assess the level of adherence with the GPCR Four.

Depending on the stage of development of credit reporting regulation in a country and the objectives of national authorities, a series of workshops or meetings may be required from conception to finalization. Such a series of workshops and meetings is proposed in Annex B. These proposed workshops would emanate, broadly, from scenarios (ii) and (iii).

2.3 COUNTERPARTIES

The following is a list of potential counterparties. This list is indicative and not exhaustive. Potential counterparties should be discussed with the local teams prior to the agenda being fixed and appointments made.

- Central bank (manager of the credit bureau department or public credit registry (PCR), if there is one)
- Central bank supervision legal team
- Private credit bureaus (PCBs)
- Major banks (at least four to five)
- Ministry of commerce, justice, or finance legal team
- Attorney general
- Data protection/privacy regulators
- Any commission or steering committee tasked with managing the roll-out of the credit reporting infrastructure

Within the data provider environment there will be a number of individuals with specific roles and functions who should be jointly involved in the completion of the questionnaire and the face-to-face interviews.

2.4 EXPERT TECHNICAL SUPPORT

It is familiar practice that a legal specialist is involved in the development of a credit reporting framework. Often the team would either source this specialist from within the organization or use the services of an in-country local expert. A local expert cognizant of all relevant legislation ensures the final framework is consistent with international best practice and not in conflict with other legislation. Additionally, the local expert would be in a position to estimate the timeframe to finalize the framework through various working groups, parliamentary committees, judicial committees, and processes, while also assisting in the framework's procedural tabling.

2.5 DEVELOPMENT OF A CREDIT REPORTING LEGAL FRAMEWORK

The development of a framework requires a methodological approach. This section summarizes five typical phases that can take place during an assessment of the credit reporting system (against GPCR Four) of any given country.

Five Steps are recommended for developing a credit reporting framework:

1. SCOPE OF ASSESSMENT	1.1. To be undertaken at country or jurisdictional level.
	1.2. Principle Issue: how is the credit reporting system supporting financial sector development and overall financial stability in the relevant jurisdiction?
	1.3. It might not be necessary to use all of the general principles, roles, and recommendations for effective oversight. However, teams should be able to decline to assess a component if it leads to a misleading report that can be misused.
	1.4. The scope should be clearly determined and agreed with the relevant national authority or authorities, and should be communicated in advance to all entities and stakeholders that will be involved in the assessment exercise.
2. FACT FINDING	2.1. Partners, stakeholders, or Bank Group staff undertaking this task should gather sufficient facts to be able to develop conclusions for (at least) GPCR Four.
	2.2. A detailed list of questions has been developed to help staff gather facts (see Annex B together with guidance notes).
	2.3. Previous relevant work performed by national authorities or regulators should also be assessed.
3. DEVELOP CONCLUSIONS	3.1. For each of the guidelines associated with the GPCR, staff should summarize current practices and achievements.
	3.2. For any gaps, staff will need to determine the materiality or relative importance of that particular component and its interactions with other individual components.
	3.3. Teams should identify the entity or entities (for example, a regulator, CRSP, or data provider) that would be responsible for the implementation of the various recommendations that have been made.
	3.4. Roles identification might also lead to different entities being responsible for implementing one recommendation – staff should clearly identify if there is an entity with primary responsibility over the relevant recommendation.
4. RATINGS	4.1. Although not mandatory, a ratings system might be useful for some audiences, conveying a punctual message on the degree of observance of the various general principles and recommendations.
	4.2. The rating table in Annex C presents a rating system based on the Financial Sector Assessment Program (FSAP) rating scale. The FSAP scale is built on the gravity and urgency to remedy identified issues of concern, such as a risk management flaw, a significant weakness in the legal and regulatory framework, or other deficiencies.
	4.3. The rating is assigned based on the degree of observance assessed for each sub-principle or recommendation.
5. TIMEFRAME FOR ADDRESSING AREAS OF CONCERN	5.1. It is highly recommended that a timeline is established for the relevant entity or entities to take action based on the concerns identified and the recommendations provided.
	5.2. Frequently, the party or parties intending to implement the recommendations will need further guidance in regard to prioritization and the associated timeframe.
	5.3. Staff should establish priorities based on the level of impact that the area of concern poses to the overall safety, effectiveness, and reliability of the system.
	5.4. The rating table in Annex C also reflects the association between the various rating categories and the timeframe for action to be taken.

MODULE 02

3. RECOMMENDATIONS

3.1 THE ASSESSMENT REPORT

As the report's potential audience includes multiple stakeholders, such as policymakers, regulators, and central banks, the content of the report will have to be comprehensive and informative.

The format recommended in Annex D can be utilized for the development of the appraisal report.

3.2 DETERMINING THE APPROPRIATE CREDIT REPORTING FRAMEWORK

In formulating an appropriate credit reporting regulatory framework for a country, teams may review various specific country frameworks. There are many examples to choose from. A few are listed below:

- Fair Credit Reporting Act, <https://www.consumer.ftc.gov/articles/pdf-0111-fair-credit-reporting-act.pdf>
- Credit Reporting Act, Ghana, <http://www.bu.edu/bucflp/files/2012/01/Credit-Reporting-Act-No.-726.pdf>
- Credit Reporting Law, Mexico, <http://www.diputados.gob.mx/LeyesBiblio/pdf/237.pdf>
- Credit Information Law, Dominican Republic, https://www.transunion.com.do/docs/Ley_288-05.pdf
- National Credit Act, South Africa, <https://www.ncr.org.za/documents/pages/ENGLISH.pdf>
- Credit Bureau Regulation, Indonesia, http://www.bi.go.id/en/peraturan/perbankan/Pages/PBI%20No.15_1_PBI_2013.aspx

It is important to note that, although there are some similarities between these credit reporting frameworks, you should avoid a one-size-fits-all approach. A thorough understanding and research of the country-specific regulatory environment is encouraged before recommending an appropriate credit reporting framework.

ANNEX A: KEY PROVISIONS WHEN DRAFTING A NEW CREDIT REPORTING LAW

Definitions	<ul style="list-style-type: none"> • Interpretation of certain terms related to credit reporting
Entry Requirements	<ul style="list-style-type: none"> • Criteria to provide the service, including licensing, registering technological capacity, staff skills, and reputation, or similar requirements to establish a credit bureau
Exit Requirements	<ul style="list-style-type: none"> • Continuity plan in case the service provider exits the market
Conditions of Data Collection and Processing	<ul style="list-style-type: none"> • Data lawfulness and fairness, accuracy, timeliness, and completeness • Accountability of data in every step of the chain • Mandatory or voluntary basis for data collection • Obsolescence of data (data distribution and data storage)
Limits to Data Collection	<ul style="list-style-type: none"> • Scope of data (negative or positive information, information from public records, social media, sensitive information)
Limits to Data Use	<ul style="list-style-type: none"> • Establish limits on the use of data according to pre-defined purposes, which should be compatible with collection purposes • Establish criteria to limit user access to data included in the database
Data Security	<ul style="list-style-type: none"> • Safeguards regarding data's maintenance and information access
Cross-Border Data Flows	<ul style="list-style-type: none"> • Restrictions or criteria regarding data flow between two different jurisdictions
Non-discrimination	<ul style="list-style-type: none"> • Characteristics not related to credit to be used as screening variables
Confidentiality	<ul style="list-style-type: none"> • Criteria to use information according to the terms of the law • Replaces bank secrecy and reinforces the use of information according to law
Service Provider Governance	<ul style="list-style-type: none"> • Criteria to operate the system: <ol style="list-style-type: none"> a. Duties and obligations to participants b. Risk management c. Regulatory oversight
Data Provider Obligations	<ul style="list-style-type: none"> • Criteria to provide accurate and timely information to the credit bureau
Consumer Rights	<ul style="list-style-type: none"> • Information, access, rectification, deletion, and objection
Consent	<ul style="list-style-type: none"> • Authorization of the consumer to collect, process, and disseminate their data
Enforcement	<ul style="list-style-type: none"> • Elements to ensure compliance of the law and regulation
Dispute Mechanisms	<ul style="list-style-type: none"> • Scope of mechanisms in case of a dispute, whether judicial or extrajudicial, which might also include a limitation of liability in the sense of libel actions

ANNEX B: PROPOSED WORKSHOP AGENDAS

(Agendas should be adapted to meet country-specific circumstances)

Developing a Credit Reporting Framework:

1st Workshop Agenda (1 Day)	
Resource	Theme
In-country Project Champion	<ul style="list-style-type: none"> Why a Credit Reporting Legislation Framework is Important
Bank Group Staff / Partner / Stakeholder	<p>General Requirements for Developing a Credit Reporting Framework:</p> <ul style="list-style-type: none"> Provide overview of the General Principles for Credit Reporting (GPCR) Present overview of the various steps for undertaking an assessment (see Module Two, Section 2.5) Propose and discuss the assessment's scope Provide examples of credit reporting frameworks from other countries and note relevant features – what has worked, what has not worked, and why? (see Module Two, Section 3.2)
Country Legal Expert	<p>Background:</p> <ul style="list-style-type: none"> Discuss the implications of introducing credit reporting legislation and provide a high-level overview Assess if there are any primary conflicts with existing legislation or if barriers to introducing credit reporting legislation exist Assess if any major consequences or amendments will be required when introducing credit reporting legislation
Project Champion / Public Authority	<p>Strategic Considerations:</p> <ul style="list-style-type: none"> Propose and discuss why a formal credit reporting legal diagnostic assessment is required (against GPCR) Assess who should perform this diagnostic Outline how long the assessment should take Assess if the proposed scope of assessment is adequate
Project Champion / Public Authority	<p>Tentative Milestones:</p> <ul style="list-style-type: none"> Provide and discuss the timeframes for: <ul style="list-style-type: none"> Commencement of the assessment Presentation of the assessment report Consensus achieved from various gaps identified in the report Tabling of first draft and revised credit reporting framework Final recommended credit reporting framework Submission of credit reporting framework to public authority for consideration Public authority presenting framework to parliament Credit reporting framework passed into law
Project Champion / Public Authority	<p>Way Forward:</p> <ul style="list-style-type: none"> Discuss governance, including the formation of a steering and oversight committee Outline the committee's composition – for example, representatives from treasury, justice, banking association, and central bank Appoint committee chair Appoint secretariat for taking minutes and circulating agendas Discuss when the committee should re-convene Outline a tentative agenda for the second workshop

2nd Workshop (½ Day)	
Resource	Theme
Chair	<ul style="list-style-type: none"> Minutes: Present minutes from the first workshop
Bank Group Staff / Partner / Stakeholder	Assessment Feedback: <ul style="list-style-type: none"> Present report (see Annex C) Summarize report in a visual presentation (optional)
Project Champion / Public Authority	Assessment Report Discussion: <ul style="list-style-type: none"> Provide (public authority) response to the report's findings (Annex D) Discuss "materiality of gaps" Discuss any potential areas where public authorities may conflict with findings of the report
Project Champion / Public Authority	Way Forward: <ul style="list-style-type: none"> Note all discussion points Undertake to circulate all pertinent issues before third workshop
3rd Workshop (½ day)	
Resource	Theme
Chair	<ul style="list-style-type: none"> Minutes: Present minutes from the second workshop
Bank Group Staff / Partner / Stakeholder	Assessment Report: <ul style="list-style-type: none"> Achieve consensus on all pertinent issues
Public Authority / Legal Drafter	Way Forward: <ul style="list-style-type: none"> Propose (legal drafter) date for first and revised credit reporting framework finalization and circulation for comment
4th Workshop (½ day)	
Resource	Theme
Chair	<ul style="list-style-type: none"> Minutes: Present minutes from the third workshop
Public Authority / Legal Drafter	Way Forward: <ul style="list-style-type: none"> Discuss first draft and revised framework Note all comments Propose date for second draft regulation to be circulated for comment
5th Workshop (½ day)	
Resource	Theme
Chair	<ul style="list-style-type: none"> Minutes: Present minutes from the fourth workshop
Public Authority / Legal Drafter	Way Forward: <ul style="list-style-type: none"> Present second draft with amendments Agree on final draft Agree on date for submission to public authority
Governance Committee	<ul style="list-style-type: none"> Undertake to monitor progress, specifically the public authority's tabling regulations for parliament to pass into law

ANNEX C: GENERAL PRINCIPLE FOUR CREDIT REPORTING QUESTIONNAIRE

GUIDING PRINCIPLES IN USING THIS QUESTIONNAIRE

Throughout the process of determining observance with the key elements of General Principle for Credit Reporting (GPCR) Four, the undertaking teams and other appointed legal resources must develop a general understanding of the legal and regulatory framework, the overall environment for data sharing, and the basic business processes, operations, and activities of the individual credit reporting service providers (CRSPs) being reviewed. Obtaining this macro view will provide context for an assessment and will position staff to seek the full set of data needed. With this in mind, staff should focus on the following overarching questions for GPCR Four during the assessment:

- What legal aspects, technology infrastructure limitations, core cultural traditions, or competition dynamics impact the full and appropriate application of the GPCR in a given country or jurisdiction?
- What is the method being applied by individual CRSPs, data providers, or data users to ensure they observe the principle or part of the principle that is applicable to them? What is the method being applied to ensure the relevant principles are observed at the industry level?
- What analyses, processes, and rationales were used in developing, identifying, selecting, and ensuring the effectiveness of its approach and method for observing the principle?
- How do CRSPs, data providers, and data users measure and monitor ongoing observance of the GPCR? What other stakeholders (for example, industry organizations) are part of this ongoing effort?
- What other evidence is available to support ongoing performance in observing the principle?

Considering authorities and their responsibility regarding recommendations for effective oversight, the following overarching questions should be considered:

- What approach are the authorities using to observe the recommendations?
- What analyses, processes, and rationales did the authorities use in developing, identifying, selecting, and ensuring the effectiveness of their approach for observing the recommendations?
- How do the authorities measure and monitor their ongoing performance in observing the recommendations? How do they ensure that that industry observes the general principles?
- What other evidence is available to support ongoing performance in observing the recommendations?

EXAMPLE OF A RATING TABLE TO ASSESS GPCR FOUR

Rating	Abbreviation for Questionnaires	Description	Timeframe to Address Recommendations
Observed	O	The sub-principle is observed. Any identified gaps are not issues of concern and could be addressed in the normal course of business.	For consideration in the normal course of business
Broadly Observed	BO	There are one or more issues of concern that the relevant stakeholder or stakeholders are encouraged to address according to a defined timeline. These are typically areas that require attention but that are not critical for the efficiency and safety of the system as a whole.	To be addressed in a defined timeline

Partly Observed	PO	There are one or more areas of concern that require attention and should be addressed in a timely manner. The relevant stakeholder or stakeholders should agree on establishing priority to address those issues.	To be addressed in a timely manner
Not Observed	NO	The sub-principle is not observed. There are one or more serious issues or critical areas that require immediate attention. The relevant stakeholder or stakeholders must agree on addressing these issues in an immediate manner.	Immediate action
Not Applicable	NA	The sub-principle is not applicable due to the particular legal, structural, institutional, or other characteristic of the country's credit reporting market or system.	Not applicable

Note: Before using the GPCR questionnaire below, teams should familiarize themselves with the “Assessment Methodology for General Principles for Credit Reporting” (International Committee on Credit Reporting (ICCR) task force, 2013), specifically the reasons why certain questions are posed.

GENERAL PRINCIPLE FOUR

The overall legal and regulatory framework for credit reporting should be clear, predictable, non-discriminatory, proportionate, and supportive of data subject and consumer rights. The legal and regulatory framework should also include effective judicial or extrajudicial dispute.

Clarity and Predictability		Ranking: O/BO/PO/ NO / NA
Guidance to Determine Observance of the Legal Environment Guidelines:		
1.	Has the drafting process of the regulatory framework involved a consultative period with the industry, consumer organizations, and relevant specialized lawyers?	
2.	Have the key concepts been included in a law governing the credit reporting system?	
3.	Is there any major concept that is not adequately covered in the relevant law or regulation?	
4.	Are rules and provisions sufficiently clear?	
5.	Are the terms used in the legal and regulatory framework consistent across the various laws, regulations, and contractual arrangements?	
6.	During the drafting process, have the existing standards and glossaries been considered?	
7.	How do CRSPs show that their rules are formulated in an understandable manner?	

8.	Are there or have there been specific efforts to disseminate the applicable legal and regulatory framework among CRSP participants, other relevant stakeholders, and the general public?		
Non-discrimination			Ranking: O/BO/PO/ NO / NA
Guidance to Determine Observance of the Legal Environment Guidelines:			
1.	How does the CRSP demonstrate impartiality when applying the rules to all its participants?		
2.	Are rules for reciprocity clearly established? Are these rules enforced?		
3.	Are there any exceptions?		
4.	Do laws and regulations clearly cover the responsibilities of all existing CRSPs regarding data quality, security measures, and consumers' rights?		
Proportionality			Ranking: O/BO/PO/ NO / NA
Guidance to Determine Observance of the Legal Environment Guidelines:			
1.	Are there any elements in the legal and regulatory framework imposing excessive burden to any participant in the system?		
2.	Does the legal and regulatory framework impose serious limitations to data collection?		
3.	For data collection limitation is criteria clearly defined in the legal and regulatory framework?		
4.	Are rules for data usage clearly defined in the legal and regulatory framework?		
5.	Are the laws and regulations capturing market and user needs?		
6.	Do laws and regulations allow for flexibility for future market development?		
7.	Are laws and regulations prescriptive?		
Consumer Rights and Data Protection			Ranking: O/BO/PO/ NO / NA
Guidance to Determine Observance of the Appropriate Formulation, Application, and Enforcement of Rules:			
1.	Are consumers' rights clearly identified in the legal and regulatory framework?		
2.	Are timelines for accessing information defined? Are the consequences for not meeting deadlines defined?		

3.	Is the process for correcting data disclosed to consumers and the general public? Does the process allow for consumers living in remote areas to correct their data in a reasonable manner?		
4.	What is the cost to a consumer for accessing their report? Is there a limitation in time to access a consumers' own report?		
5.	Are there any loopholes in the data correction process?		
6.	Are communications protocols between CRSPs and data providers clearly established for data correction?		
7.	Is the data subject's privacy adequately covered under the law?		
8.	Is there a data protection or privacy law? Does this law cover credit data protection regarding credit reporting?		
9.	Are all relevant privacy issues adequately covered under the law?		

Dispute Resolution

**Ranking:
O / BO / PO /
NO / NA**

Guidance to Determine Observance by Authorities and CRSPs:

1.	Is the process for solving disputes in place?		
2.	Does the process end with the mechanism established by the data providers and CRSPs?		
3.	Is there an alternative (for example, out-of-court) dispute mechanism system?		
4.	Is the practice compliant with the legal framework?		
5.	Is the process for solving disputes consumer-friendly? For example, can data subjects access it with ease? Is it low-cost?		
6.	Is there a mechanism to indicate or flag existence of an on-going data dispute initiated by a consumer or the relevant authority?		
7.	Does this situation have an impact on the credit score of the consumer?		
8.	Are there communication procedures in place to address data subjects' complaints regarding data errors?		
9.	Is this procedure effective?		
10.	Are there any loopholes?		
11.	Does the decision impact the integrity of the database?		
12.	Are there enforcement mechanisms in place for the existing legal provisions in regard to dispute resolution?		
13.	Are there any areas where the enforcement process is not recognized in the law?		

ANNEX D: ASSESSMENT REPORT TEMPLATE

THE DEVELOPMENT OF A CREDIT REPORTING FRAMEWORK FOR

[COUNTRY]

EXECUTIVE SUMMARY

- Include a brief description of the relevant facts, including observations and recommendations.
- Reflect if interviews, documentation available, and research made for a thorough assessment, a relatively good assessment, or a relatively rudimentary assessment.
- Indicate whether there are any legal impediments or any other general restrictions or deal breakers for producing a credible credit reporting framework.
- Summarize what still needs to be done, outlining if some or very few revisions are required to finalize a desired credit reporting framework.

INTRODUCTION

- Reflect on the objective of the assessment.
- Identify the staff and context.
- Reflect clearly on the scope of the assessment.
- Provide an explanation if and why only some of the general principles are considered in the assessment, instead of all of them.
- Identify roles and outline recommendations for effective oversight.

SOURCES OF INFORMATION

- List the sources of information used during the assessment, including both public and non-public sources. The latter would typically include a list of the institutions that were visited or interviewed.

NATIONAL CREDIT REPORTING LANDSCAPE OVERVIEW

- The overview should provide a general understanding of the context under which credit reporting activities are performed in the country.
- This section should be descriptive in nature, reflecting current facts.
- Briefly describe the role that credit reporting is currently playing in the country in regard to credit decision-making and for other relevant areas of the financial system, and its relevance in practice for such activities and areas.
- Provide an overview of relevant supplementary legislation, if any. For example, bank secrecy legislation, data protection legislation, privacy legislation, central bank legislation and directives, or ministry of finance legislation and directives may be identified.
- The principal stakeholders should be identified, specifying the role or roles they play in the credit reporting market. This should include the regulatory, supervisory and oversight authorities. The legal and regulatory framework, enforcement mechanisms, and consumer protection framework should also be described at a general level here.
- Many of the above narratives can be found in Module One, if that module was already completed for the country.
- A general description of each of the relevant individual credit reporting systems should also be included, containing key characteristics such as the type of data providers, type of users, and type of services provided.
- Describe major changes, if any, implemented in the recent past or scheduled for the near future.

SUMMARY ASSESSMENT

- This section should summarize the key findings of the detailed assessment. In particular, staff should:
 - Highlight key practices and achievements. If and when necessary, disaggregated by individual credit reporting service providers (CRSPs).
 - List identified issues of concern, gaps, and shortcomings. As previously discussed, to determine the degree to which an identified gap or shortcoming of an individual CRSP is relevant for the credit reporting industry as a whole, staff should exercise judgment over the materiality of that individual system and its interrelations with other components of the industry.
 - Comment separately on the sub-principles and recommendations that are deemed not fully observed, and indicate whether the issues of concern are already being addressed.
 - State the principal reasons for assigning a rating other than fully observed, and the degree of observance that will be achieved if the current efforts to address weaknesses end up being successful.
- When applicable, this section should conclude with a summary of the results of assessment observance for each of the principles as well as for each of the recommendations for the effective oversight of credit reporting systems. The table below shows the ratings summary for the General Principle for Credit Reporting (GPCR) Four assessment. A similar table should also be completed for the oversight recommendations.

Assigned Category	For Each Sub-principle of GPCR Four
Observed	
Broadly Observed	
Partly Observed	
Not Observed	
Not Applicable	
Total	41

RECOMMENDED ACTIONS

- Staff should link recommended actions to the issues of concern, gaps, and shortcomings as per the description made in the 'Key Findings and Follow-up' section of the detailed assessment.
- The preferred option is to include a table with the recommended actions list based on the identified issues of concern for the various principles and oversight recommendations, as applicable. The table should also identify the entity or entities responsible for the implementation of each recommended action. A principle or oversight recommendation might be listed more than once depending on whether or not the findings are related to the same principles or oversight recommendations.

LIST OF PRIORITIZED RECOMMENDED ACTIONS

Principle (or Oversight Recommendation)	Issues of Concern and Other Gaps or Shortcomings	Recommended Action	Relevant Parties
Serious and Warranting Immediate Action			
To Be Addressed in a Timely Manner			
To Be Addressed in a Defined Timeline			
For Consideration in the Normal Course of Business			

- The list should be ordered according to the priority assigned to the various recommended actions, starting with serious and immediate.

DETAILED ASSESSMENT REPORT

- In this section, a detailed assessment will be conducted for GPCR Four and the oversight recommendations. For the purposes of the assessment, the roles of credit reporting system participants are embedded in the relevant sub-principles.
- For each sub-principle and recommendation, the assessment should provide a detailed description of actual practices, followed by key conclusions and an assessment rating.
- A set of guiding questions is provided in Annex B to support the analysis of the observance of each key consideration.
- As a minimum, the description and analysis should be able to cover the set of questions included in Annex B.
- Staff should feel free to ask any additional questions deemed necessary and add details as required. If there is an on-going action that will contribute to addressing any of the identified gaps or shortcomings, this should also be mentioned by teams.
- It is recommended that the detailed assessment be performed following the template shown below (see table below for the assessment of principle four and of the oversight recommendations, respectively).

DETAILED ASSESSMENT OF THE OBSERVANCE OF PRINCIPLE FOUR: LEGAL AND REGULATORY ENVIRONMENT

For Each Guideline Include: Text of Guideline	
	This section should provide information on the practices in the country as they relate to the relevant guideline. Staff should be guided by the questions for each applicable guideline or key consideration and, where applicable, should organize the information according to the subject headers provided in the question set in Annex B. Responses should reflect the actual practices followed in the country.
Text of Next Guideline	
Key Conclusions for Principle	This section should provide a narrative summary of key information collected by the organization for each principle based on the supporting facts collected for each applicable guideline or key consideration. The narrative summary should summarize the practices and achievements, describe the seriousness of any issues of concern, and identify any other gaps or shortcomings.
Assessment of Sub-principles	This section should state whether the sub-principle is “observed,” “broadly observed,” “partly observed,” “not observed,” or “not applicable.” This section should also give the rationale for the assigned rating.
Recommendations and Comments	This section should provide recommended actions and other comments for each identified issue of concern and any other gaps or shortcomings.

ANNEX E: AUTHORITIES RESPONSE TO ASSESSMENT REPORT

POTENTIAL AUTHORITY RESPONSE TO THE ASSESSMENT REPORT


- The authority or authorities that are the primary points of contact will receive the assessment report and are encouraged to share the outcomes with all the parties they deem relevant and necessary in order to obtain additional points of view or detailed feedback on certain topics or specific issues. This would normally include credit reporting service providers, and possibly also some key data providers and other relevant institutions in both the private and public sectors.
- This section can alternatively be used by authorities to express their disagreement with the rating assigned by staff to one or more of the General Principles for Credit Reporting (GPCR).
- A consultation period with authorities – as proposed in the workshops in Annex A – will be typically launched once a complete draft of the detailed assessment report has been produced, ensuring there are no misunderstandings or that no relevant information has been omitted.
- In addition, the detailed assessment will undergo a thorough internal review process with the relevant local team members and other staff to ensure consistency in regard to interpretation of the GPCR, conclusions, ratings, and the completeness of the assessment, among other key elements.
- Nonetheless, even if these quality control mechanisms have been applied, the authorities may not agree with the rating assigned by the team.

MODULE 03

Credit Infrastructure Global Solutions Group

IMPLEMENTING A CREDIT REPORTING SYSTEM

2018

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



WORLD BANK GROUP

IFC | International
Finance Corporation

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Glossary

CCRC	Commercial Credit Reporting Companies
CIBX	Credit Information Bureau Steering Committee
CPU	Central Processing Unit
CRSP	Credit Reporting Service Provider
EC	Evaluation Committee
ECM	Evaluation Committee Member
EOI	Expression of Interest
ER	Evaluation Report
ID	Identification
IT	Information Technology
NIN	National Identification Number
PCB	Private Credit Bureau
PCR	Public Credit Register
PDF	Portable Document Format
PR	Public Relations
RFP	Request For Proposal
SLA	Software License Agreement
SME	Small and Medium Enterprises

MODULE 03

1. BEFORE STARTING THE ASSESSMENT

1.1 INTRODUCTION

This module deals with establishing or enhancing a credit reporting system in a country. After briefly introducing the differences between public and private credit registries, this module concentrates on procedures to select a credit bureau vendor. These procedures include the request for proposal (RFP) process, proposal assessments and evaluations of technology providers, and credit bureau system procurement.

The establishment of a credit reporting service provider (CRSP) is a typical response to information asymmetry problems between lenders and borrowers. CRSPs are either publicly or privately owned entities that consolidate borrower information from lenders. Many studies have illustrated how comprehensive information helps lenders better predict borrower default (see International Finance Corporation Credit Reporting Knowledge Guides).

Globally, public credit registries (PCRs), private credit bureaus (PCBs), commercial credit reporting companies (CCRCs), and credit scoring and data analytics firms are the four types of CRSPs. In some countries, only a PCR or PCB are found. In others, all four CRSP types coexist.

1.2 WHO SHOULD USE THIS MODULE?

This module should be used by anyone who has been requested by a public authority, private sector association, or chamber of commerce to assist with the establishment of a country's PCB or PCR. General skill requirements to perform an assessment have already been detailed in the introduction of this toolkit. As additional requirements, the team undertaking this project should also develop a good grasp of PCBs – how, and specifically where, they operate within a regional and international context. Apart from a wide advertisement, this may also assist in targeted approaches when expressions of interest (EOIs) and RFPs are being distributed. Team members may also be requested to arrange site visits with PCBs as part of procurement procedures. Teams should also confine their support to technical and operational guidance – recommending one particular service provider over another should be avoided. This is best left to the project team that has been tasked to select a service provider.

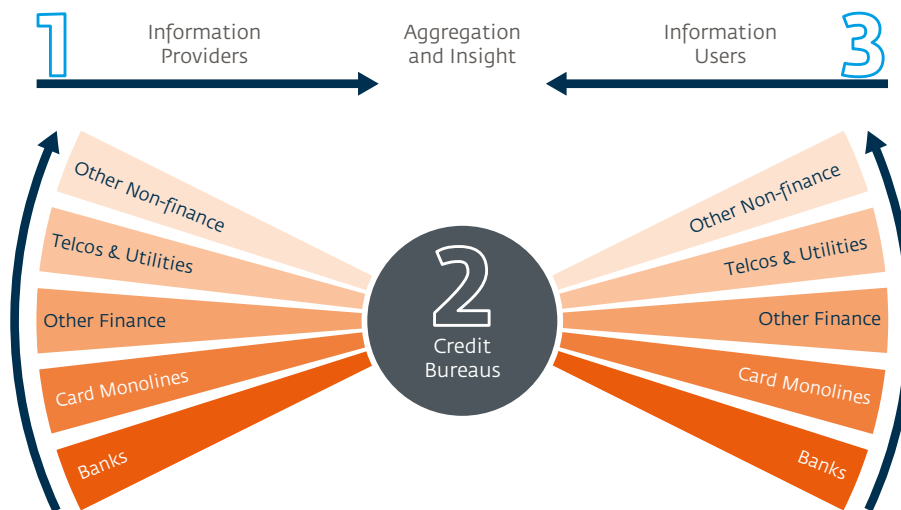
1.3 THE DIFFERENCE BETWEEN PRIVATE CREDIT BUREAUS AND PUBLIC CREDIT REGISTRIES

CCRCs collect information on businesses – including sole proprietorships, partnerships, and corporations – for the purpose of credit risk assessment, credit scoring, or for other business purposes, such as the extension of trade credit. These entities collect credit data from banks, other regulated financial institutions, other non-financial lenders, and other sources, and generally target the medium and large company lending market segments. While CCRCs are not entirely new, they are not significantly represented on the credit information landscape in relation to PCBs and PCRs. In fact, many PCBs also keep consumer and commercial data, in contrast to CCRCs, which are solely dedicated to commercial data. Credit scoring and data analytics firms build scorecards to automate lending decisions, limiting human subjectivity when arriving at decisions. These firms typically exist where there is a rich repository of credit information. Consequently, they are found mostly in mature credit reporting markets.

PCBs and PCRs are the two CRSP variants that predominate most markets.

PCBs are designed for collecting, processing, and sharing credit information among lenders, allowing current and potential lenders to make informed credit decisions. PCBs are present in more than 100 countries with a noticeable trajectory in emerging markets since early 2000s. PCBs and CCRCs are increasingly being regulated by specific legislation, which includes requirements to comply with data privacy norms and borrower’s rights to access and correct data (see Module Two). Users can be financial and non-financial lenders. PCBs are usually licensed and supervised by special authorities, often a central bank.

A Brief Overview of Private Credit Bureaus



Key Functions of Private Credit Bureaus

1. Collect, at least monthly, all credit data – positive and negative – on all consumer credit, micro, and small and medium enterprise (SME) loans and commercial loans from all lenders.
2. Process the data, validate them, manipulate them, reject them if incorrect, include other data (for example, public data), and add value to the data through technology and experience. In addition, credit bureaus offer various value-added solutions.
3. Sell and disseminate the processed information back to the lenders (users) as credit reports, bureau scores, and other services via the Internet, central processing unit to central processing unit (CPU-to-CPU), batch, or fax.

By contrast, PCRs are generally developed to support the state’s role as a supervisor of financial institutions to contribute to financial stability / resilience. Where PCRs exist, loans above a certain amount must, by law, be registered in the national credit registry. In some cases, PCRs have relatively high thresholds for loans that are included in their databases. PCRs tend to monitor loans made by regulated financial institutions.

One of the principal differences in comparison with PCBs is that PCRs tend to be public entities. They are usually managed by central banks or bank supervision agencies. In contrast, PCBs tend to be privately owned and privately-operated companies.

More substantively, PCR data are geared towards use by policymakers, regulators, and other officials. With the aim of avoiding recurring financial crises, many countries have made efforts to optimize PCR data so they can be better used in macro-prudential regulation and oversight. In comparison, PCBs, as privately owned commercial enterprises, tend to cater to the information requirements of commercial lenders. Thus, they typically provide additional value-added services, such as credit scores and collection services. PCRs and PCBs both collect information from banks. The sources of information are much more diverse,

however, for PCBs. PCRs have lower coverage in general when compared with private credit bureaus, which is not surprising given their focus on larger loans and supervised institutions. In terms of ownership, commercial credit bureaus are usually more prevalent than non-commercial credit bureaus. Experience with non-commercial bureaus indicates that they are generally less innovative, lack the ability to deliver top-quality services, and tend to be bogged down with bureaucratic procedures.

1.4 WHY SELECTION OF A CREDIT BUREAU VENDOR REQUIRES DETAILED ASSESSMENT

The credit reporting business is characterized by network externalities and economies of scale that could potentially classify a credit bureau as a natural monopoly. Thus far, ongoing debate on the optimal number of credit bureaus in a market has not produced consensus. On the one hand, a single registry combining aggregated information across the entire system and including both bank and non-bank credit information would provide lenders with the most complete information set, including comprehensive inquiry information. On the other hand, the lack of competition eliminates incentives for bureaus to improve data quality, provide value-added services, and lower prices.

Small markets are unlikely to support more than one credit bureau, but many large countries have a very competitive credit information industry in which two or more bureaus actively compete. It is also challenging to attract vendors to markets where there is little or no data sharing, poor or inadequate credit reporting regulations, and a general lack of credit reporting infrastructure, which includes the lack of an explicit project champion and indifferent lender commitment towards the project, among other factors.

Invariably, public authorities or lender associations that wish to encourage the establishment of a PCB face a typical dilemma – how to introduce a viable, cost-effective solution to the PCB's commercial objectives in a potentially monopolistic or near monopolistic environment.

Thus, the selection of a credit bureau vendor requires thorough preparation. Misalignment of goals and objectives between stakeholders that wish to establish a credit bureau and potential vendors can undermine significant investment in human, technical, and financial resources. In short, to establish a successful credit bureau, the founding stakeholders must:

- Change perceptions of and build awareness in the community
- Ensure commercial viability
- Establish an appropriate legal and regulatory framework
- Identify appropriate technology and software
- Ensure adequate data availability
- Establish the most appropriate business model
- Specify staffing needs

MODULE 03

2. PREPARATION FOR PROCURING A CREDIT BUREAU

2.1 PREPARATION

When preparing for procurement, a detailed work plan identifying counterparties that can assist, provide detailed information, and offer informed opinion is critical. It is important for teams undertaking this work to manage expectations with all counterparties during this process. Specifically, this includes managing expectations in relation to typical procurement procedures, realistic milestones, a feasible roll-out plan, and the length of time before a credit bureau is operational.

2.2 COUNTERPARTIES

The following is an indicative list of potential counterparties:

- Financial authorities, including the central bank, bank supervisory authority, and representatives of the public credit registry, if one exists
- Legislative bodies, including commissions working on credit bureau laws
- When relevant, government bodies, including members of the ministries of finance, commerce, and other relevant ministries
- Where they exist, licensing bodies, including regulatory agencies that oversee credit bureaus
- Lenders and financiers, including regulated banks, non-bank financial institutions, microfinance institutions, leasing companies, and other creditors, such as utility and telecommunications companies
- Lender associations and chambers of commerce
- Representatives that will own/operate the PCB

Typically, a steering committee should be established with the mandate of selecting a credit bureau vendor. This mandate could, for example, emanate from a lender's association, chamber of commerce, or public authority, such as a central bank.

While lender associations or chambers of commerce may be a good platform to begin discussing the need for sharing information and to begin building consensus among the potential bureau members, the bureau itself should be a commercial entity.

2.3 MARKET RESEARCH

Credit bureau market assessment and strategy development can generally be divided into three phases:

Phase 1: Assess prospects;

Phase 2: Conduct a feasibility study; and

Phase 3: Develop a business plan.

Depending on the market environment, there will be a certain degree of overlap and variation in these phases.

Three Phases for Developing a Credit Reporting Framework Mechanism:

ASSESS PROSPECTS	<p>1.1. Most importantly, conduct an initial assessment of the demand for and feasibility of developing a credit bureau</p> <p>1.2. Consider the following market characteristics when deciding to set up a credit bureau (see Module One):</p> <ul style="list-style-type: none"> • The number of credit active borrowers, which indicates the potential customer base for lenders • Size of the existing retail and SME credit markets, as well as potential for growth • Credit market sophistication level in terms of products and services • Size of the existing credit bureau's service in terms of borrowers covered and personnel • Threat of competition from public credit registries or other private credit bureaus • Legal and regulatory environment pertaining to credit bureaus • Level of support for credit information sharing from the government, central bank, and other financial institutions <p>1.3. Conduct consultations with all key counterparties (see Module Three, paragraph 2.2)</p>
CONDUCT A FEASIBILITY STUDY	<p>2.1. Conduct a feasibility study – an in-depth analysis of the market and stakeholders – to determine whether credit bureau establishment is feasible and in what form.</p> <p>2.2. Include the following components in the study:</p> <p>2.2.1. Market Analysis (see Module One)</p> <ul style="list-style-type: none"> • What is the potential demand for credit information? • What are the existing sources of information, including public information sources? • What is the risk of competition from other private bureaus and the public registry, if one exists? • What are the credit market trends? • What are the broader economic and political risks? <p>2.2.2. Technical Scoping Study (see Module One)</p> <ul style="list-style-type: none"> • What types of consumer and SME credit products are offered? • What are the current levels and growth rates of retail and SME credit, by product? • What are the current and expected number of credits issued to inform projections about the potential volume of inquiries? • Is electronically stored historical information available? • Is borrower consent required to disclose information to a credit bureau? • Are unique identification (ID) numbers for individuals and firms available? • What is the sophistication level of lenders' internal information management systems? • Are there technology and infrastructure constraints? • What is the level of credit reporting issues awareness among lenders? • Are lenders willing to share negative and positive information?



	<p>2.2.3. Stakeholder Analysis</p> <ul style="list-style-type: none">• Is there broad consensus on the usefulness of credit information sharing among lenders?• Who are the bureau's potential members or users?• Are lenders willing to share positive and negative information? If so, do lenders have the technological capacity to share this information?• Are the authorities supportive?• What level of technical and communication infrastructure exists in the country, and will it be able to support the credit bureau's needs?• What is the credit bureau's potential business model?• Are consumer rights issues being addressed? <p>2.2.4. Legal and Regulatory Assessment (see Module Two)</p> <ul style="list-style-type: none">• Is information sharing allowed and, if not, what are the limitations?• What is the existing legislation relevant to information sharing and the proposed credit bureau?• Who are the enforcement authorities for laws relevant to information sharing?• What new rules or regulations are being proposed?• What implications does the legal framework have for the credit bureau's operations?• How organized are consumer groups, and how likely are they to oppose information sharing plans?
DEVELOP A BUSINESS PLAN	<p>3.1. When an independent company plans to enter the credit bureau market, the process is straightforward and includes preparation of a business plan that builds on the feasibility study's findings. It also requires securing financing and obtaining commitment from lenders to participate in the bureau.</p> <p>3.2. If a credit bureau is expected to be a lender-owned entity, the process involves the establishment of the entity itself.</p>



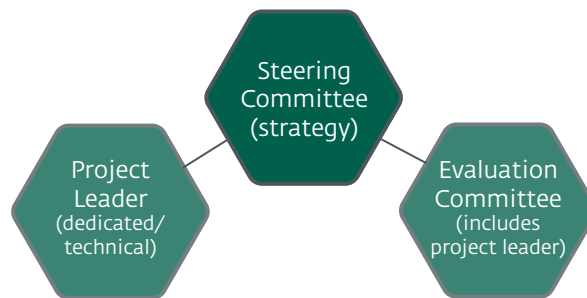
MODULE 03

3. PROCEDURES RELATED TO THE SELECTION OF A VENDOR

3.1 GOVERNANCE

Once a country has decided on the establishment of a credit bureau, a relevant steering committee should be created. This committee will be responsible for overall strategy in regard to the selection of a vendor. It will also decide on normal governance issues, such as which representatives should serve on the committee, the appointment of a chair and secretary, voting powers, quorum, and progress monitoring. The evaluation committee exists solely for the evaluation of proposals submitted in response to RFPs. It is highly recommended that a dedicated project leader is appointed to oversee the technical components of the vendor selection process. The assessor should participate in these meetings and provide technical support throughout the process. All meetings should be recorded to avoid ambiguity surrounding key decisions.

Recommended Governance Structure



3.2 DETAILED PROCEDURES

The process can be shortened or lengthened depending on the country's unique circumstances. For example, there is no specific requirement to have an EOI precede an RFP. However, this may be deemed necessary if the steering committee believes pre-selection is important and worthwhile.



Milestones in Credit Bureau Selection

3.2.1 Establishing a Timetable

The steering committee should determine the period for selecting and finalizing the vendor appointment. It is recommended that each milestone reflect realistic periods in order to achieve the best possible outcomes. By adhering to a timetable and remaining fully transparent, all stakeholders keep abreast of progress.

A sample timetable with specific milestones is suggested in Annex A.

3.2.2 Expression of Interest

For a country that wishes to establish a credit bureau, an EOI may be the first indication of potential service providers that are interested in establishing operations in the market. It thus provides the steering committee with a preliminary idea of the potential bidders' experience. Based on the responses received, the bidding committee will create a shortlist of service providers they consider adequate to submit a full RFP.

A typical EOI is provided in Annex B.

3.2.3 Request for Proposals

The RFP is the document that details specific requirements for selecting a suitable credit bureau vendor. Together with the steering committee and project leader, teams are expected to provide input into the RFP. Typically, the RFP outline will reflect the following:

- The strategy and short and long-term business objectives
- Business and technical requirements
- Restrictions and prerequisites, including off-shoring, legislation, and a timeline to be bound by proposals
- Timeline evaluation and selection procedure
- The scorecard
- Equity requirements
- The need to submit technical and financial proposals in separate envelopes or as separate correspondence
- Timelines that are to be strictly observed, particularly closing times

A typical RFP is provided in Annex C.

3.2.4 Evaluation Procedures

The evaluation process is similar to other standard RFPs and projects. Overall, the team undertaking this project may participate in various activities, but should be careful not to take part in vendor selection decisions. In all circumstances, the assessor should regard themselves as an independent, impartial, and honest broker with the primary aim of providing technical guidance. The following are key requirements in the evaluation process:

- An evaluation committee (EC) should be constituted under the oversight of the steering committee
- The project leader should be part of the EC
- One of the EC members (ECMs) should be elected EC Secretary
- The EC should include a credit reporting specialist (if available)
- The ECMs should commit to the full selection process, including site visits
- The evaluation process must be transparent, confidential, and recorded
- From the onset, an evaluation report (ER) should be kept
- The EC meetings are official and the meetings must be recorded in the ER
- A confidentiality form must be signed by the members and included in the ER
- The EC committee may decide to allow external members to support the evaluation, for example, team's from the Bank Group, partners, or other stakeholders undertaking this assignment
- In this case, the external observers must be submitted to the same rules as the ECMs
- External members and observers should not take part in vendor decision scoring
- Copies of the technical proposals should be made in a limited number and distributed to the EC
- These copies must be numbered and initialed by the members

- Financial proposal envelopes should be initialed by the ECMs and kept in a safe place by the secretary

3.2.5 Acceptance of the Technical Proposal

This activity includes the following:

- One or two ECMs should receive the proposal and welcome vendors on public opening day
- There should be a public opening of the envelopes where vendors can be present
- Financial proposals must not be opened at this stage
- There should be an RFP formality check to make sure all the proposals formally fulfill requirements, such as:
 - Deadline respected?
 - Envelope duly closed?
 - Technical and financial proposal are in separate envelopes?
 - 100 pages maximum?
- Proposals that are not in compliance with the rules indicated in the RFP should be rejected
- Public opening minutes, which confirm all of the above, should be drafted, signed, and initialed (see Annex D) by all bidders present as well as EC representatives.

A sample written recording of the technical proposals opening is provided in Annex D.

3.2.6 Evaluation of the Technical Proposal

This process starts with the EC perusing i) the RFP, and ii) any vendor clarifications. Thereafter, specific criteria reflected in the RFP should be studied and applied against each bid. In the RFP example (Annex C), these criteria include:

- The bidder must have executed at least two similar projects in the past five years
- The steering committee must be granted permission to verify the satisfaction level of owners and users
- The bidder must own or directly manage at least one operational PCB or PCR site with a similar configuration, supplying services similar to the ones requested by the project
- The project leader should have at least ten years of experience in credit reporting application development and implementation for the credit information or financial sector
- Analysts and programmers should have at least five years of experience in the credit reporting domain
- Bidder should have proven capacity to present a solution based on open scalable architecture, and should be flexible to allow the integration of future functionalities if necessary
- Bidder should have proven ability to deliver upgrades and value-added risk management services, such as scoring
- Bidder should have proven capacity of an existing help desk to deliver around-the-clock support

Technology is often considered a fundamental component of a successful bid. Two decades ago, technology was indeed an important standard for evaluation. Today, though some small differences exist among providers, PCB technology has largely become standardized. Most leading international providers can offer suitable, secure, and satisfactory solutions. Currently, customization, business knowledge, international experience, expertise, and lessons learned are regarded as more important than technology. The most important areas to be analyzed include:

- Is the bidder a PCB provider?
- Does it have any previous international experience? Is it recent?
- Does it have a country or regional commitment? Does it have or plan to open an office in the region? Is it here to stay?

- Does it display completeness, quality, quantity, and reliability in relation to maintenance, support, and service?
- Does the team offer expertise and quality, including project leader experience and analyst experience?
- What types of previous experience does the organization offer? Does it specialize in full development or consultancy? Does it own PCBs abroad?
- Does it have any specific experience – for example, small size, language normalization, names normalization, and search-keys algorithms – in similar countries?
- What is the training plan for both the PCB and users? How will it be conducted? What is the length? What are the contents? Are there manuals?
- Where is the helpdesk? Is it locally-based or abroad? What level of assistance does it provide? What is the time for intervention?
- What are the types and frequencies of upgrades and value-added services?

There are many variables to consider when selecting a vendor, so flexibility in approach is recommended.

The Off-Shore, Lower-Cost Option

This is a non-residential system alternative, which is also known as the Hub and Spoke System. In this system, a PCB domiciled in one country may have a similar operation in another country, without having a full-scale business operation in the latter. This solution has the potential to provide higher-quality service at a lower cost. Cost-effectiveness is realized through key operations' economies of scale:

- Development - travel, customization
- Hardware - scaling at headquarters
- Back-up
- Disaster recovery - a significant cost
- Business continuity help desk
- Maintenance personnel - database managers, analysts
- Training

Additional benefits include:

- Shorter time to market - typically nine months to 12 months
- Reduced staffing - no database manager, reduced technical staff, and fewer call center staff
- Business continuity - a residential database can almost double development costs
- The same sophisticated value-added services used in extremely advanced markets
- First-class site maintenance, 24 hours a day, seven days a week, and 365 days a year
- May attract more first-class international credit bureau providers despite a country's small individual size

3.2.7 Scoring the Technical Proposal

ECMs should work both together and separately. The ECMs will evaluate the proposals individually, but it is recommended that the group meet from time to time to ensure each member has applied the correct evaluation criteria and identified the priority bidder competencies, aligning with the personnel who will execute the bureau's establishment and ongoing operations. Minutes must be prepared after every meeting to document the process.

If clarification questions are required, they should be published to all vendors. Only bidders who meet the minimum score criteria qualify for the next round – the financial proposal assessment round.

Annex E provides an example of a vendor scoresheet, while Annex F provides an example of score consolidation from all vendors.

3.2.8 Opening of Financial Proposals

After technical proposals are evaluated and scored, financial proposals are opened for qualifying bidders. This second phase includes the following activities:

- If any bidder is present, a second public meeting should be held:
 - A public opening of the envelopes containing financial proposal should take place
 - One or two EC representatives should be present at the financial proposals opening
 - Vendors can and should once again attend the opening
- Only proposals reaching the minimum technical score should be evaluated financially
- Technical scores achieved should be read aloud when opening financial proposals
- The amount of the financial proposals should also be read aloud
- From the RFP example (see Annex C), any technical proposal that achieved a score lower than 90 points must not be opened – these proposals will have to be returned unopened to the vendors
- Minutes of the opening, which confirm the above, should be drafted (see Annex G)
- All the vendors present, if any, and the EC representatives should sign and initial
- Technical scores and financial proposal amounts should be registered in the minutes
- Additional queries and discussions should be registered in the minutes

3.2.9 Final Scoring

Once technical and financial scores have been separately computed, they need to be weighted and combined into a final score. The highest final score should determine the successful bidder. The bidder with the second highest score also qualifies for site visits.

Annex H provides an example of a consolidated technical and financial short-listed vendor scoresheet.

3.2.10 Site Visits

Although optional, it is recommended that the EC conduct site visits with the two short-listed vendors. The purpose is to confirm that the evaluation – based purely on desk work, written proposals, and vendor self-promotion – actually reflects the quality offered and required. Other factors for consideration include:

- Vendors should, indicating in the RFP, commonly agree which sites and countries will be made available for the visits
- The vendor sites must be recent and in full and active operation
- The choice of countries for site visits should be consistent with similar needs and similar issues outlined the RFP
- ECMs should prepare a list of generic clarifying questions to be answered by vendors during both visits
- In addition to these general queries, ECMs should also prepare specific questions for each vendor
- During the visits, ECMs should meet with one or two users of the vendors' PCBs
- Generally, seven days to 10 days, including travel, should be sufficient for each site visit
- Site visits must be planned quite far in advance, taking into account visas and other travel considerations
- Teams should assist in organizing the visits and should accompany the delegation

Annex I reflects examples of generic questions that may be posed to the two short-listed vendors during the site visits, while Annex J reflects possible vendor-specific questions.

3.2.11 Evaluation Report

An official ER needs to be drafted to record all RFP phases and activities. The ER is a detailed document signed and initialed by all ECMs, illustrating the complete evaluation process. It also includes all of the minutes, correspondence with vendors, and evaluation process details. All of the documents prepared and used during the evaluation – including scorecards, ECMs' biodata, and individual and consolidated scores signed by ECMs should be annexed and included within the ER. Once the process is complete, the ECMs must return all copies of the proposals used during the evaluation for storage and filing.

Annex K provides a general ER framework, which covers all pertinent aspects.

ANNEX A: ESTABLISHING A TIMETABLE OF ACTIVITIES

TASKS	DEADLINE
Steering committee finalized and project leader appointed	Month 1
Expressions of Interest (EOIs) mailed out	Month 2
Assessment of EOIs responses	Month 3
Request for Proposals (RFPs) mailed out	Month 3
Clarification questions	Month 4
Answers to clarification questions	Month 4
Proposals submitted in response to RFP	Month 5
Proposals public opening	Month 5
Evaluation of received proposals and selection of two short-listed vendors	Month 6
Site visits	Month 7
Official confirmation of selected partner	Month 8
Contract negotiation and final signature	Month 9
Project kick-off	Month 10

ANNEX B: SPECIMEN EXPRESSION OF INTEREST

Request for Expression of Interest

Issued by:

CIBX - CREDIT INFORMATION BUREAU STEERING COMMITTEE OF

[COUNTRY]

and

[OTHER]

CIBX - Credit Information Bureau Steering Committee

Address: P.O. Box

Attention: Dr.

E-mail:

Tel:

The Credit Information Bureau Steering Committee (CIBX) of COUNTRY aims to develop and establish the country's first private credit bureau (PCB).

The PCB shall be able to supply data-based information services, including credit-related decision support services, credit histories and reports, scoring services, marketing information services, and other information-based and credit risk-assessment services. These offerings fall under the current legislation of COUNTRY Credit Reference Bureau Regulations, DATE, in modular and subsequent phases of the PCB life.

CIBX is seeking a technical and strategic equity partner willing to invest in the development and management of a state-of-the art PCB based on technology, reciprocity, confidentiality, privacy principles, and consumer rights best practices.

The PCB will operate as a for-profit enterprise creating wealth for its shareholders while also meeting the needs and expectations of its various stakeholders and users. Product pricing and services will therefore be based on full cost recovery, profit margin, affordability, and competition.

This request for expressions of interest (EOIs) is therefore aimed at soliciting responses from leading organizations specialized in providing technological expertise for consumer and commercial credit bureau services. The end result of this exercise will be the selection of the right partner that will invest and work with the different stakeholders to establish and manage the first PCB in COUNTRY.

The selected partner will be expected to subscribe the majority of the equity shareholding participation and will therefore be responsible for owning and operating the proposed PCB. The balance of the shares will be held by local shareholders, all active players of the enlarged COUNTRY financial and lending industry. The capital share structure will be adjusted and finalized when the technical and equity partner is selected through a request for proposal (RFP) bidding process and the final shareholding pattern negotiated.

The partner will be required to design, implement, and provide for the ongoing management of the technical solution. The partner will also provide domain expertise to potential users of the system so as to optimize utilization and performance. Therefore, the partner should deliver a scalable and modular credit reporting system, with an attractively-priced, state-of-the-art solution and the potential to be equipped with more sophisticated features in subsequent phases of the company's life. These subsequent phases will be in line with the market needs of the COUNTRY market and credit industry.

The system desired would be capable of processing both positive and negative data provided by banks and non-bank entities – including leasing, telecommunications companies, utilities, and microfinance providers – as members of the credit bureau. The partner must be able to demonstrate proprietary skills and expertise in the credit bureau services industry, commitment to the project and country, a proven track record in similar emerging markets, and must also be capable of delivering the vital mix of international know-how and local market support and knowledge.

The partner will be selected in accordance with the procedures set out in the RFP, which will be sent by Credit Information Bureau Steering Committee (CIBX) to the interested parties, upon receiving an official answer to this request for EOI, and qualifying for it.

Minimum qualification criteria for a company or consortium's eligibility:

- Experience in development, customization, and implementation of at least two world-class credit information reporting solutions during the past five years
- Experience in commissioning and operating credit information bureaus
- Availability of technically qualified, competent personnel to undertake the work envisaged, including a project leader with at least 10 years of experience in the industry and analysts with at least five years of experience
- Availability to participate as an equity partner and to subscribe the majority of the share capital

Interested partners must provide information to indicate their qualification to provide these services. This information may include brochures, descriptions of similar assignments undertaken, experience in similar conditions, availability of appropriate skills and expertise among staff, and senior staff profiles.

EOIs should be submitted by close of business (5:00pm) on DATE to the address given below.

Please find below the required e-mail addresses, telephone, and fax numbers:

NAME	EMAIL	TELEPHONE	FAX
Association of banks			
MAILING		ADDRESS:	P.O.Box

Please note that (i) any costs incurred in preparing the answer to this request for EOI are not reimbursable, and (ii) CIBX is not bound to accept any of the requests submitted.

ANNEX C: SPECIMEN REQUEST FOR PROPOSAL

REQUEST FOR PROPOSAL

FOR:

A technical and strategic (equity) partnership in the establishment of the first private credit bureau in

[country]

ISSUED BY:

Credit Information Bureau Steering Committee of

[country]

(CIBX)

CIBX - Credit Information Bureau Steering Committee of

[country]

Address:

Attention:

E-mail:

Tel:

Fax:

This document serves the purpose of communicating to all interested parties the terms, conditions, and procedures applicable for the evaluation of proposals and awarding of the project.

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1 INTRODUCTION

1.1 Summary Overview

The Credit Information Bureau Steering Committee of **COUNTRY** [country] (**hereinafter referred to as "CIBX"**) is seeking a technical and strategic (equity) partner with the capability of delivering a scalable and modular credit reporting system, which would allow an attractively-priced and modern private credit bureau solution (hereinafter "PCB"). The solution will have the potential to be equipped with more sophisticated features in subsequent phases, according to the market needs of **COUNTRY**. The PCB system should be able to provide full and updated credit risk information services in order to support all lending sectors and financial institutions in their credit underwriting activities.

The selected partner will be expected to subscribe the majority of the equity shareholding participation in the **COUNTRY** legal entity that will be created with the objective of owning, operating, and expanding the proposed PCB. The balance of the shares will instead be held by local shareholders, composed of active players of the enlarged **COUNTRY** financial and lending industry (see below, point 1.2 for more detail) and future users of the PCB. The partner must be able to demonstrate proprietary skills in the credit reporting services industry, a proven track record in similar emerging markets, and capability to deliver the vital mix of international know-how and local market support and knowledge (see below, point 2.1.1 for more detail).

The desired system must be capable of processing **positive and negative data sourced from both banks and non-banking entities** – including microfinance institutions, telecommunications companies, leasing companies, retailers, and utilities – as members of the credit bureau. The proposed PCB will have to comply with world-recognized stringent security requirements, as well as with any consumer protection, credit reporting, data privacy, and banking legislation enacted in **COUNTRY**.

CIBX will select a firm in accordance with the selection method and guidelines detailed in this document and recapped in the annexed **datasheet** (Annex 7).

- 1.1.1 The vendors are invited to submit a **technical proposal** and a separate **financial proposal** for the provision of the services concerning the assignment specified in the datasheet. The proposals will be the basis for contractual negotiations and ultimately for a signed contract with the selected partner.
- 1.1.2 The assignment shall be implemented in accordance with the phasing indicated in this RFP. The assignment includes several phases, therefore, the vendor's performance in each phase must be to CIBX satisfaction before work begins on the next phase.
- 1.1.3 Vendors must familiarize themselves with local market conditions and take them into account while preparing their proposals.
- 1.1.4 CIBX will provide the inputs specified in the datasheet, assist the firm in obtaining licenses and permits needed to carry out the services, and make relevant project data and reports available.
- 1.1.5 Please note that (i) the costs of preparing the proposal and of negotiating the contract are not reimbursable as a direct cost of the assignment, and (ii) CIBX is not bound to accept, and actually can reject at any moment without any specific reason, any of the proposals submitted.
- 1.1.6 Procurement policy requires that all vendors: provide professional objective and impartial advice, at all times hold CIBX's interests paramount, act without any consideration for future work, and strictly avoid conflicts with other assignments or their own corporate interests. Vendors shall not be hired for any assignment that would be in conflict with their prior or current obligations or that may place them in a position of not being able to carry out the assignment in the best interest of CIBX.
- 1.1.7 It is CIBX's policy to require that vendors hired under CIBX contracts observe the highest ethical standards

- during the selection and execution of such contracts. In pursuance of this policy, CIBX:
- 1.1.7.1 Defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) “corrupt practice” means the offering, giving, receiving, or soliciting of anything of value to influence the action of any official in the selection process or in contract execution; and
 - (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of CIBX, and includes collusive practices among vendors, prior to or after submission of proposals, designed to establish prices at artificial, noncompetitive levels and to deprive CIBX of the benefits of free and open competition.
 - 1.1.7.2 Will reject a proposal for award if it determines that the recommended firm has engaged in corrupt or fraudulent activities in competing for the contract in question;
 - 1.1.7.3 Will cancel the portion of the funding to the firm’s contract if it at any time determines that corrupt or fraudulent practices were engaged in by representatives of the vendor or of a contract beneficiary during the selection process or the contract execution, without the supplier having taken timely and appropriate action satisfactory to CIBX to remedy the situation;
 - 1.1.7.4 Will declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a CIBX-financed contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing, CIBX’s contract; and
 - 1.1.7.5 Will have the right to require that, in contracts financed by CIBX (in case CIBX will be engaged with such contracts), a provision be included requiring vendors to permit CIBX to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by CIBX.
- 1.1.8 Vendors shall not be under a declaration of ineligibility for corrupt and fraudulent practices issued by CIBX in accordance with the above sub para. 1.1.7.4.
- 1.1.9 Vendors shall furnish information as described in the Financial Proposal submission form (Annex 8) on commissions and gratuities, if any, paid or to be paid to agents relating to this proposal, and to execute the work if the firm is awarded the contract.

1.2 CIBX and the Project Objective

CIBX is a company created under the Company Law of **COUNTRY**, representing the major banks, financial institutions, non-regulated financial entities, and telecommunications operators. CIBX was established with the only objective of being the credit industry’s vehicle to lead the project of incorporating, developing, and operating the first commercial PCB in the country.

The future PCB shall aim at supplying data-based credit information services, including but not limited to credit-related decision support services, credit histories and reports, scoring services, marketing information services, and other information-based and credit risk-detection services allowed under the current legislation of **COUNTRY**, and based on the most advanced existing technology.

CIBX is therefore seeking a technology and strategic (equity) international partner with proved know-how, experience, and capability to deliver a scalable and modular credit reporting system with the potential to be equipped in the future with more sophisticated features, in a gradual and constant manner, according to the **COUNTRY** market’s growing needs, and based on international best practices.

The PCB will operate as a **for-profit enterprise**, creating wealth for its shareholders while meeting the needs and expectations of its various stakeholders and users.

Pricing of products and services will therefore be based on full cost recovery, profit margin, affordability and competition.

1.3. Purpose of this Request for Proposal

This request for proposal (RFP) is aimed at soliciting responses from organizations specialized in providing technological expertise for consumer and commercial credit bureau services. The end result of this exercise will be the selection of the right partner that will work with CIBX, its advisors, and other stakeholders to establish, own, and manage the first PCB in COUNTRY .

The information contained in this RFP will assist interested potential vendors and partners with the preparation of a response addressing requirements for the establishment of the PCB.

CIBX is seeking a technology and equity partner who will not only provide a guarantee for concentrated proprietary skills in the credit bureau services industry, as well as credibility, stability, and standing, but also deliver the vital mix of international know-how and local market support and knowledge.

CIBX is open to evaluate solutions, which, based on economies of scale, harnessing the power of technology and telecommunications, and without jeopardizing the quality of the PCB system, of data security and integrity, and of the quality of the services supplied to the final users, **may allow a substantial reduction of the costs of: development, operations, management, technological maintenance, and upgrades.** An **off-shore system, located in a country different from COUNTRY** , but developed on best practice, offering first class data security and quality of services, could be considered as an alternative to fully on-shore developed operations located in COUNTRY , should the former be compliant with the current legal framework. Vendors are encouraged to propose high-quality, cost-efficient solutions.

The required system would be processing data in both English and languages, with the reports and tabs displayed in English. The system must be capable of processing positive and negative data sourced from a range of regulated and non-regulated members of the PCB, such as banks, microfinance institutions, leasing companies, telecommunications companies, and utilities (not an exhaustive list). The proposed PCB shall comply with the most stringent security principles, required by local legislation. Provision must also be made for the public at large (including consumers, borrowers, and subjects of information) to gain access to their own credit records. CIBX is seeking a license to utilize the vendor's software solution for a minimum period of seven years.

1.4. Opportunity Offered by the COUNTRY PCB Project

Recent growth trends in the COUNTRY economy have led to greater personal prosperity and financial confidence. This, in turn, has led to an increased demand for consumer, micro, and small and medium enterprise (SME) credit. Improved access to credit can have a positive effect on overall growth of the COUNTRY economy, as credit availability is critical for the expansion of consumer demand, which is necessary for growing manufacturing and trading capacities.

As a result, the COUNTRY market represents a very attractive opportunity for PCB establishment as a result of both the increasing need for commercial and retail lending (including microlending), and the lack of an organized and proper mechanism for tracking full-file borrower credit histories.

Currently, the only source of credit information for lenders in COUNTRY is represented by the public credit registry (PCR) of the central bank, periodically fed by the banks. The central bank's PCR

disseminates information, on an aggregated format, only for loans larger than \$20,000, and is precluded to the participation of all non-banking entities.

There is therefore a strong business imperative for a reliable PCB to improve the quality of credit decision making, expand the base of borrowing customers, improve exposure performance, and reduce loan losses.

In 20XX, the banking sector disbursed a total of _____ **loans**, including credit cards. The central bank held in its PCR, as of end _____ DATE _____, data on credit facilities concerning _____ CUSTOMERS **customers** (as indicated in the table), therefore this figure should represent the whole banking universe. However, as said, only data on loans above \$20,000 are disseminated to the banks by the Central Bank of _____ COUNTRY _____ PCR.

As for the contribution of other lending sectors (potential data providers and PCB users), an extract from a recent Bank Group report indicates the following:

- **MICROCREDIT** - _____ NUMBER **active microloans** as of _____ DATE _____.
- **MOBILE TELEPHONE OPERATORS** – Official data extracts from the website of the Telecommunications Regulatory Commission as of _____ DATE _____ : _____ NUMBER **million contracts**, of which _____ PERCENT (or _____ PERCENT) **post-paid** contracts.
- **FIXED TELEPHONE LINES** - Official data extracts from the website of the Telecommunications Regulatory Commission of _____ COUNTRY _____ as of _____ DATE _____ : _____ NUMBER **post-paid** fixed lines.
- **CREDIT CARDS** – Estimate provided by the industry: total credit cards issued in _____ COUNTRY _____ (as of _____ DATE _____) nearly _____ PERCENT _____, of which _____ PERCENT _____ were issued by banks (and potentially already included in the banks' figures above). The remaining _____ credit cards are principally property of a private issuer networked with the major international brands (for example, Visa or MasterCard)
- **LEASING COMPANIES** - Estimate provided by the industry: _____ NUMBER **active** loans and customers (as of _____ DATE _____).

Most likely, some borrowers may be holding loans with several of the above lenders or sectors. Therefore, a certain overlapping and cross-lending among sectors shall be considered. The mobile operators cover the _____ COUNTRY _____ population thoroughly, with a _____ percent penetration, and own a database containing demographic records on the quasi totality of the existing borrowers, as well as credit records for a portion of them (_____ percent). Therefore, if all the sectors that, under some form, are today lending credit in _____ COUNTRY _____ are represented in the PCB (with the mobile telephone companies contributing their entire database, pre-paid and post-paid contracts included), the PCB could start its operations **with a database containing roughly _____ million records, of which YYYY million have full trade-lines and credit histories**. On the legislative front, in _____ DATE _____, the _____ COUNTRY _____ legislator passed a very advanced law (**Credit Information Act 17 of 20 _____ DATE _____**), based on international legal best practices, which enables a flexible and modern environment for the establishment of private credit reporting by creating solid conditions for healthy business development.

The included major innovations, among others, cover:

- **Mandatory sharing** of all loan information – both positive and negative, regardless of loan typology – for regulated financial entities

- **Mandatory inquiries** by regulated financial entities before granting credit
- Possibility for non-regulated, non-financial, commercial lenders to be users and data providers of the PCB, with borrowers' consent
- Advanced **consumer privacy protections** and rights
- **Limits to the shareholding of financial entities** and users of the PCB – 5 percent individually, and 49 percent maximum as a group – to avoid potential conflicts of interest
- **Central Bank of** COUNTRY **appointed as the only authority** empowered to license and supervise PCBs

A copy of Credit Information Act 17, 20 DATE is attached to this RFP (Annex 9).

The central bank has indicated a strong level of support for the prompt establishment of a PCB as well as its readiness to work with the stakeholders to improve the regulations and other guidelines, enabling the establishment of a robust and sustainable private credit reporting industry in COUNTRY .

As for public information, good quality data can be made available to the PCB in COUNTRY . Especially important are two new projects that have streamlined and modernized the way in which public information is stored and utilized:

- i) The **national identification number** (NIN) for individuals
- ii) The **national commercial registry number** for companies

Since 1989, the government of COUNTRY has embarked on a systematic storage of demographic data project. Today, the database on individuals includes all the population's demographic data. A NIN, which is embossed in the related, mandatory identification card, is automatically provided to each resident more than 16 years of age.

The NIN is a mandatory, unique, definitive, universal, and permanent number, attributed to each citizen since birth, and must always be used to open a banking account or secure a loan.

1.5 Confidential Use and Disclosure of Information

The information contained in this document is confidential and is the property of CIBX. Responses to this RFP must include the receipt of Annex 4, the **non-disclosure agreement**. Please review, sign, and return this agreement with your response.

CIBX assumes that all information supplied by vendors has been submitted in good faith and expects the information provided to be accurate and the vendor to deliver the solution and services within the required timeframe.

CIBX reserves the right to use information submitted in response to this document in any manner it deems appropriate. CIBX may, at its discretion, honor a vendor's request for confidential treatment of certain identified data submitted as part of its response.

The issuance of this document and the receipt of data and information in response to this document shall not, in any way, cause CIBX to incur any liability, financial or otherwise.

CIBX will assume no obligation to reimburse or in any way compensate any vendor for losses or expenses incurred in connection with its response to this document.

Any relationship entered into will be subject to the jurisdiction and laws of COUNTRY .

1.6. Submission of Proposals and Contact Details

All questions and communications regarding this RFP shall be directed via e-mail (or fax in the event e-mail is unavailable) using the information listed below.

In the event questions must be faxed, please call the local project leader **prior to transmission**:

Mr./Ms. _____ (e-mail: _____ telephone: _____
mobile telephone: _____).

Each message should contain the caller's name, the company's name, telephone and fax numbers, and the date of the call.

Proposals must be dispatched by express courier service to the address indicated below, preferably using the services of DHL, FEDEX, or UPS, which have representative offices in _____ COUNTRY _____. Shipment must be followed by a confirmation e-mail or call to indicate that the parcel has been sent.

In the main envelope, vendors must include: i) the **technical** proposal, ii) the **financial** proposal, and iii) the **signed non-disclosure agreement** (Annex 4).

As for the **technical** proposal, the envelope must contain **one hard copy** and **one electronic copy** (CD-ROM) of the proposal. A copy of the **technical** proposal **only** must also be sent by e-mail to the address indicated below.

The **financial** proposal, must be contained in a separate sealed envelope marked "**Financial Proposal – Do Not Open.**" This envelope must be placed into the main envelope. The financial proposal should **not** be submitted via e-mail.

The proposals should be drafted using Microsoft Office Word, addressing all areas mentioned in Section 2 of this RFP.

Please note that proposal responses to this RFP **must not exceed 100 A4 pages, typed in Times New Roman 12 font**, including annexes.

CIBX reserves the right to ignore or disqualify any submission in excess of the **100 page** limit.

Information for proposal delivery as well as contact details for requesting further information are indicated below:

NAME	POSITION	EMAIL	TEL	FAX
Association of Banks				
Mailing Address:				

1.7 The Selection Process

1.7.1 RFP Timetable (see Module Three, Annex A)

Please note that any unsolicited, inappropriate approaches or interaction with CIBX members or advisors may result in a vendor being disqualified from participating in this RFP process.

- i) All vendors seeking additional information or clarification of any matter in relation to this RFP have to submit questions by the COUNTRY close of business (5:00 pm) on DATE .
- ii) It is the intention to respond to any vendors requests for additional information and clarification by the COUNTRY close of business (5:00 pm) on DATE .
- iii) All partner proposals in relation to this RFP have to be submitted by the COUNTRY close of business (5:00 pm) on DATE .
- iv) The proposals public opening will be performed in COUNTRY , at the address indicated above, at 10:00 am on DATE . Representatives that wish to join may attend.

1.7.2 The Awarding Process

CIBX will select a shortlist of two vendors (a preferred vendor and a reserve vendor) by DATE .

The contents and the details of the scorecard, used by the evaluation committee to assess the suitability and value of the proposals submitted, are included in the attached datasheet (Annex 7).

(An invitation might also be extended to short-listed vendors, at Credit Information Bureau Steering Committee (CIBX) discretion, to make a short introductory presentation to the selection committee as well as to the stakeholders of CIBX.)

1.7.3 Site Visits

It is proposed that site visits to each of the two short-listed vendors' nominated sites (one per vendor) will be undertaken during the period of DATE . Please refer to Annex 5 for selection criteria for site visits.

Based on these criteria, each vendor is requested to nominate two preferred sites and countries, and confirm that appropriate meetings can be scheduled during the period indicated above.

1.7.4 Official Confirmation to Selected Partner

As the final act of the selection process, CIBX will officially inform the selected vendor, tentatively by DATE .

1.7.5 Contract Negotiations and Project Kick-Off

CIBX will address all issues pertaining to contractual questions, contract handling, and will be directly responsible for the contract negotiation and signing process with the selected, final partner, which should be tentatively concluded by DATE .

Therefore, it is expected that project kick-off will take place by DATE .

2.0 RFP REQUIREMENTS

2.1 Business Proposal

2.1.1 Experience and Basic Requirements

This tender will be carried out through a competitive process as specified further in the document, and is open to candidates that fulfill the minimum following requirements and qualifications:

- a) Must have successfully executed at least two (2) developments and implementation of credit information sharing systems and similar projects (PCB or PCR) in the last five (5) years, which also include the participation of non-regulated entities as system data providers and users (for example, microcredit institutions or telecommunications operators). CIBX must be granted permission to verify the level of satisfaction of owners and users of referred applications.
- b) Must own or directly manage, at the date of the proposal submission, at least one (1) operational site (PCB or PCR) currently functioning, in another country, with a similar configuration, supplying services comparable to the ones requested by this project.
- c) Must have qualified personnel, including an appointed project leader with at least (10) ten years proven experience in the development and implementation of credit reporting applications for the credit information or financial sector.
- d) Must have qualified professionals assigned to the project, each with at least (5) five years professional experience in programming, systems analysis, and systems engineering in the credit reporting domain.
- e) Must have proven ability to deliver technological upgrades and value-added risk management services (for example, scoring models) to the proposed solution within the outlined timeframe.
- f) Must have proven capacity of existing help desk to deliver 24-hour, seven-day-a-week support.
- g) Must have proven experience in data warehousing and credit risk analysis.
- h) Must have proven knowledge of legal best practices concerning the privacy and confidentiality of personal information, and ability to deal with the issues deriving from the enforcement of credit reporting regulations or laws.
- i) Must have key technical staff fluent in English and available throughout the various phases of the project.

Vendors are required to describe their experience in setting up and managing the operations of an independent credit bureau organization. Vendors must be clear and specific in their representation of previous experience, detailing whether their role was:

- As an information provider (PCB) in its own right; or
- Only providing software developed and deployed by them; or
- As a partner in a consortium and with specific responsibilities (please detail) (for example, as a related party to another vendor, which was responsible for developing and deploying the software solution using common branding); or
- As a member of a consortium where another partner's software solution was deployed; or
- Simply providing consultancy services.

NOTE: All claims relating to previous experience will be independently verified and if found to be inaccurate, may cause vendor and proposal disqualification.

Specifically, each vendor must provide a summary of their expertise and ability to provide the following:

2.1.1.1 Establishing Operations, Processes, and Organization:

The selected technical and strategic (equity) partner will work with CIBX, its advisors, and other stakeholders to set up the company's operating model, processes, and functional organization. Bidders will need to demonstrate their knowledge and track record of successfully managing the daily activities of a credit bureau organization in an emerging market similar to **COUNTRY**.

2.1.1.2 Technical Infrastructure and Company Set-up Phase:

Vendors must describe the terms of their involvement in the technical infrastructure setup. Vendors must also clearly define their potential role in setting up the company's operating framework, processes, and management, including the involvement of any local business partner or partners.

2.1.1.3 Transferring Management Skills:

The successful vendor will demonstrate commitment to transferring know-how and management skills to the local company and will propose a plan and timeline for achieving this goal.

2.1.1.4 Company Management Phase:

Vendors should propose their terms and plans for managing the ongoing operations of the new company, including the duration of proposed involvement of vendor staff and managers. This arrangement is designed to transfer know-how and technical and management skills from the technical and strategic (equity) partner to local management, which will eventually run the new company.

See Annex 6

2.1.2 Local Support Partners

It is anticipated that to successfully implement the credit bureau project in a timely manner, the technology and strategic (equity) partner may need to cooperate with local partners. In this case, please identify any potential local **COUNTRY** or other sub-contractors providing technological and maintenance support, local expertise, and presence in the project, if any.

Refer to Annex 2

2.1.3 Credit Reporting Systems

Vendors must provide a short overview of the proposed credit bureau system. CIBX is seeking a modern, flexible, scalable credit bureau solution that delivers full trade-line history (with positive and negative data) for consumer and corporate credit. Through this, end users can assess risk on the following to typologies of credit, among others:

- Personal Loans
- Consumer Credit
- Credit Cards

- Mortgages
- Leasing
- Utilities
- Commercial Loans
- Term Loans
- Microfinance Institution Loans (group and individual loans)
- Trade Credit

The solution must be based on confidentiality, reciprocity, and privacy principles, and must be apt to service not only the banking sector, but also non-banking financial institutions, microfinance institutions, leasing companies, insurance companies, telecommunications companies, and other utilities that may be granted bureau membership from time to time.

More than the actual technological solution, the long-term success and efficiency of the credit bureau is dependent on the operational and organizational rules and principles. Because of this, the vendor and potential partner would be expected to be able to provide extensive services in all of the following technical and business areas:

- Credit bureau system development, customization, and localization
- Ongoing system updates and upgrades
- Maintenance and operational support
- Complete technical project infrastructure, including the provision of a warm backup site and service restoration within 24 hours – off-shore hosting can be considered as an option (See point 2.2.1)
- Support and advice in data center technical and operational setup
- PCB operation and management, support, know-how, and documentation transfer in credit bureau operations
- Legislative support, including personal data protection and consumer protection
- Training, including both bureau staff and end users
- Development of additional value-added services as the country market matures

Vendors must confirm if their organization has the above mentioned capabilities.

2.1.4 Implementation Approach

It is acknowledged that credit bureau implementation and ongoing operations is a very demanding and specialized activity, which requires a combination of proprietary skills and experience in the following areas:

- Consumer and commercial finance
- Credit reporting and financial industry legislation both locally and globally
- Personal data, consumer protection, and other legal compliance
- Anti-monopoly laws
- Public relations and media coverage crisis management
- Data processing center management
- Credit bureau operational support, including rules and procedures, documentation, and training

- Overall corporate managerial capabilities
- Information technology (IT) project management
- Software development, maintenance, and continuous solutions evolution based on technological changes and business needs

CIBX wishes to adopt a phased approach to meet market demands and deliver a consumer and commercial credit bureau as soon as practical, without compromising project and program management protocols.

2.1.4.1 Phase I - (part of this current project)

- This is a key phase, which includes the development of the required technical infrastructure – including data analysis, input file format, database design, software customization, hardware, and communications – required to operate the solution.
- Currently, the large commercial banks collect information in an electronic format in their core banking systems. The majority of the core systems are sourced from
- The larger microfinance institutions utilize the accounting system.
- All lender databases contain data maintained principally in [major language of country] and English.
- Mobile telecommunications users and microfinance institutions will be participating from the onset, and with utilities companies expected in the future.
- It is expected that some data providers may require consultancy, support, or even vendor solutions to extract and prepare the data input file according to the desired input format. The vendor must be capable of offering this competency if requested by the data providers (at a separate cost, not included in the cost of this project).
- There may be the need to create interfaces with other external databases, but availability and the timing of this access is yet to be defined. The vendor must prove its previous, relevant experience.

2.1.4.2 Phase II - (part of this current project)

Activities in the second phase will include, but not be limited by, the following:

- System implementation
- Data cleansing assistance, support, and training of data contributors
- User acceptance testing
- Upload of positive and negative consumer and commercial data from all members to populate the database with an initial contribution
- Upload of payment history data from those members that have the infrastructure to deliver history data
- Interfacing with other third-party databases that have value-added data
- Developing documentation – including end user guide, product guide, consumer access and dispute resolution processes and procedures, back office operation, technical manuals, and training manuals
- User training and outreach, and knowledge transfer

2.1.4.3 Phase III - (not part of the current project)

Based on the maturity of the market, the company is expected to be able to develop and offer, in a phased manner, the following value-added services:

- Credit Bureau Scores
- Fraud and Dispute Analysis
- Identity Verification
- Basel II and Basel III Models
- Historical and Behavioral Statistics
- Application Processing
- Portfolio Monitoring and Early-warning Tools

Vendors are therefore expected to demonstrate the capability and necessary previous experience to offer other additional value-added services. These services will reach fruition on a rolling basis as potential, future, separate projects according to market maturity, demand, and needs. The aim is to ensure PCB continuity.

For this reason, vendors should provide information on the range of products that they are able to develop and deliver internally. This list of current products should be accompanied by references or detailed information on the vendors' agreements in place to provide the same services, in case these services are not developed in-house by the vendor.

2.1.5 Documentation

Vendors must indicate what supporting documentation will be produced, including technical documentation, operation manuals, training manuals, and user manuals. All documentation will have to be provided in English with both soft and hard copies. Vendors should outline how documentation will be maintained, kept current, and updated.

2.1.6 Project Plan

Vendors should provide a detailed tentative project plan, including a timeframe listing all activities required for project completion. These activities should include, among others, key milestones and secondary activities, assigned resources, tasks' planned start and end dates, deadlines, and identifying critical points. A detailed test plan and test scripts, to be developed and carried out by the vendor, and to be agreed with CIBX, are also part of the plan and part of the acceptance process.

2.1.7. Project Management

Vendors should identify key profiles and relevant staff that will be allocated to these profiles, strengthening the delivery of this project. Comprehensive resumes must be provided in relation to all key project team members, whose profiles should fulfill the prerequisites indicated earlier in this RFP.

2.1.8 Training

Vendors should make recommendations and provide a detailed outline of the proposed training to be provided as part of the deliverables. This includes the training program, documentation, and manuals for both:

- PCB staff
- End users and data providers

The training should include materials covering: operations, technical, sales, and marketing.

2.2. Technical Proposal

2.2.1 General Description of the Solution

In order to operate as an efficient information sharing system, the PCB must be equipped with a software solution – implemented with the appropriate hardware systems – able to perform the tasks of **collecting, processing and disseminating** credit information **contributed and retrieved** by financial entities and data providers, from both private and public sources.

To accomplish this, a web-based operational credit reporting system, mirroring the following functional configuration, should be provided:

- Strong, flexible, and highly expandable systems in response to user and financial sector member needs;
- High-speed processing and data dissemination between the PCB and users, with the goal of processing and redistributing the information with a quick turnaround, which should be indicated in the proposal;
- High security standards for data storage and information handling; and
- Support by a back-up system with sufficient redundancy to guarantee uninterrupted services, even in the event of a disaster, natural or intentionally provoked, such as a system virus.

The vendor should illustrate the essential solution elements and features that will be delivered as part of the credit reporting system in Phase I and Phase II. The high-level system capabilities, necessary to deliver services to the users and data providers, must include:

- Upload of positive and negative data submitted by members
- Application localizations, including help text and documentation provided in **LANGUAGE** and English
- Names and addresses in the language submitted by the data providers, and match logic able to match the same entity from the data in either **LANGUAGE** or English, as provided by different data sources
- The provision of a warm back-up site located either within **COUNTRY** or within the technical vendor's off-shore data technology center
- Billing files generation to be imported into an accounting software package
- A sophisticated facility to deal with disputes or inquiries raised by members of the public or subjects of information
- Sub five-second system time response to all credit inquiry transactions
- Alerts monitoring that notifies members of changes of address, new inquiries, and defaults

Please list any third-party software that will form part of the solution being proposed.

2.2.2 Business Architecture

Please provide a detailed outline of the core credit reporting system – including web servers, application servers, database servers, and security services – specifically related to the following:

- Customer web access
- Batch processing
- Business to business access
- Data center design, including production environment design, development and test environment design, disaster recovery infrastructure, and firewalls
- Security architecture, including perimeter security and hardware and software firewalls, demilitarized zone, and intrusion detection systems
- Network architecture, including load balancing and performance management capabilities, minimum bandwidth for Internet, and host-to-host connections
- Technical architecture, including recommended server configurations, operating systems, and relational database management systems
- Customer network access
- Web reporting, including a list of available reports and examples
- Report generator for report generation
- Billing
- Data load, including methodology, validation, auditing processes, and member updates, both regular and emergency
- Customer service, including bureau back office and help desk processes when dealing with data quality issues or other disputes raised by the public, such as the internal recording of file notes.
- Administration, including bureau and data center interaction with applications to control the configuration and operation of sub-systems
- Online inquiry tools

2.2.3 System Features

Please provide a detailed outline of the credit reporting system features. These are the high-level capabilities of the system that are necessary to deliver benefits to bureau members.

2.2.4 Credit Inquiry Access Types

Please confirm that members will be enabled to access the PCB database through:

- A secure Internet application;
- Application to application (Host-to-Host) protocols; and
- Batch processing facilities.

Please note the following:

- Use of formatted input screens;
- Use of Standard SSL encryption and IPsec; and
- Return of portable document format (PDF) and web credit reports.

2.2.5 Inquiry Access - Match and Merge Rules

Based on identification and subsequent data-merging challenges related to individuals and commercial entities and any interrelationship, vendors are required to:

- Outline, in specific detail, the proposed matching logic the system will use to access credit files on the database. For example, NIN or a combination of the NIN with date of birth, name, and address. Both individuals and legal entities have a unique identification or registration number issued by governmental agencies.
- Indicate how related commercial entities will be linked. For example, company and related subsidiaries; or individual histories and related companies and businesses; or guarantors and applicants.

2.2.6 Inquiry Input Fields

The objective of a user's PCB inquiry will be to retrieve a single, complete, final credit report that is loaded with demographic as well as positive and negative credit data. The use of a standardized, complete, and accurate data format for data collection should allow the PCB to provide extremely reliable credit reports that can be disseminated with only one command. All information present in the database should be compacted in one, single file.

Similar to what users will be supplied by the PCB, the credit report's expected contents are summarized in list below. This list is indicative, and is not exhaustive:

- Biographic and demographic data
- Telephones and addresses, including current and previous information
- Credit information at time of application at a single account level (trade-lines), including both positive and negative data
- Repayment performance historical records, including a few years of repayment history
- Floor limits, loan amounts, and credit limits
- Outstanding loans balances, for example, current, 30, 60, 90, or 120 days past due
- Maturity and installments
- Bounced and protested checks
- Risk factors associated with a consumer based on individual repayment records
- Graphs and charts related to consumer or firm repayment records and outstanding lines of credit
- All available judicial and derogatory information (optional)
- Monthly monitoring of accounts or early-warning systems
- Credit scoring, ratings, and classification services
- Corporate information

Therefore, vendors should:

- Identify, in detail, as part of the process, the types of consumer and commercial data that will be included in the input as mandatory data fields and what will be considered as optional additions to an existing credit report when those data do not exist.
- Provide samples of consumer and commercial reports, as the system should be able to generate different types of reporting, such as basic, standard, and advanced report types as part of Phase I (see Database Content, Clause 2.2.10).

- Outline, in detail, as part of the process, how the system will search for **consumer data** using localized match rules – potentially accessing third-party databases – to deliver the highest possible hit rate that combines two or more records into a single consumer record.
- Illustrate, in detail, as part of the process, how the system searches for related consumer and commercial data using localized match rules to deliver the highest possible hit rate.

2.2.7 Creating New Consumer Records

Should the system not find a consumer record that matches the input or data input, please outline, in detail, how the database is updated by the creation of a new consumer record.

2.2.8 Name and Address

Name and address normalization rules are proprietary functions of the credit reporting system. Because of this:

- Please detail the process to edit and normalize name and address information for subsequent database updating, processing, and online maintenance; and
- Confirm whether or not it will be possible to validate address information from independent third-party databases.

2.2.9 Application Security

Please detail the user validation system that will control all application system security and all application system accesses to the database. The user validation system should account for bureau members and for bureau administration for regular as well as ad hoc reporting, maintenance, and research.

Please provide a detailed outline of the process relating to the assignment of user ID's and passwords. Please confirm if the solution will deliver a security violation report when inquirer database access is denied.

2.2.10 Database Content

It is envisaged that the database will contain consumer and commercial trade data with payment information on every type of credit accounts and loans. The vendors must confirm that, in addition to trade-line data, the system will be able to support the storage and credit-related usage of the following data types:

- Other credit data
- Court judgments
- Returned payment instruments, including bounced checks and non-sufficient funds items
- Utilities
- Name, address, phone numbers, and other demographic data
- Various government IDs
- Employment records
- Spouse details
- Salary details
- Guarantor details
- Directors and owners of business firms

Vendors should provide a detailed outline of the process to be used in case two or more consumer or

business firm borrowers are legally responsible for a line of credit. Please detail whether that line of credit will appear on the credit report for every legally responsible owner of information, and if so, outline if the responsibility level (for example, principal applicant or guarantor status) will be identified. It is proposed that the commercial database will, at a minimum, contain all COUNTRY statutory information available.

Please note: a final listing of all supported trade and other data types must be specified based on the data received from data providers during the data analysis phase of the project.

2.2.11 Data Maintenance Application

Please outline, in detail, the system capability for in-house bureau administrators to perform online maintenance to a record, including adding, deleting, or modifying information as requested by the member who reported the information, or as determined by the PCB.

2.2.12 Billing System

Vendors should confirm that the system will provide a daily file of daily transactions made as an input to a possible PCB internal billing system. In case no proprietary billing system can be provided, it should be confirmed whether a daily extract file containing a record of all database inquiries can be exported to an external billing system.

2.2.13 Standard System Reports and Data Presentation Facilities

Vendors should confirm if the system will provide the following standard reports and data presentation facilities for use in data analysis. Reports generated for PCB's users will only contain data related to that member, while reports generated for PCB utilization will contain all user data. Below is a non-exhaustive list of report types:

- Merge audit report
- Security violation report
- Statistical reports of accepted and rejected records loaded by bureau members
- Statistical reports for balancing and controlling the database update process

Vendors are requested to provide samples and examples of such reports. They must also provide a list and copies of other system-generated reports that will be made available to PCB users.

2.2.14 Networking and Communications Overview

Vendors should provide specific details as to how the proposed solution will deliver industry-standard communication protocols to support Internet-based system communications.

2.2.15 Data Center and Bureau Security Policies

Vendors must provide details and define the security protocols relating to:

- Physical security
- Change management security
- Operating system security related to system administration
- Events and incidents monitoring

2.2.16 Data Encryption During Transfer

Vendors must specify and define the data encryption protocols relating to data transfer.

2.2.17 After-sales Technical Support and Maintenance

Vendors must confirm if the following will be provided as part of the services:

- General technical support
- Application maintenance support
- Operational consultancy

Please outline, in detail, the proposed level of technical and maintenance support provided to the PCB and bureau members, including help desk service hours, emergency lines, and response times based on severity level.

2.3 Financial Proposal

2.3.1 Proposed Contract Terms

Vendors should provide, in a separate envelope, a detailed financial proposal with relevant business terms and conditions for the implementation of the PCB system and related software, hardware and communications equipment, services, and maintenance.

All prices set forth in the offer are to be quoted in **United States dollars (\$)** and offer **conditions are to be valid for 180 days** from the date of this response.

Please provide details of any other costs, such as:

- Software license fee
- Localization fee
- Installation fee
- Maintenance and support fees
- Hosting fees
- Consultancy
- Daily or hourly rates for training, travel, or accommodation
- Daily or hourly rates for enhancements
- Any necessary third-party software, including its installation
- Any click royalty fees or other similar charges
- Any other costs to be borne by the licensee

A detailed financial proposal is required only for Phase I and Phase II of the project.

Please note: CIBX will seek either a bank bond or penalties for failure to deliver to the agreed scope or timelines if such failure is due to vendor non-performance.

2.3.2 Equity Participation

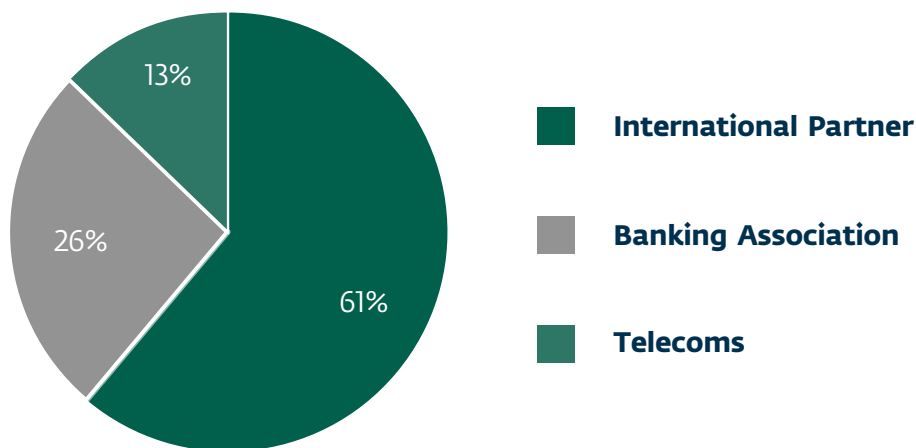
The selected partner will be expected to take the equity participation majority in CIBX. Preferably this will take the form of actual fresh capital investment brought in for PCB establishment, versus Software License Agreement (SLA) or development fees, service fees, or any other related fees or items.

The selected partner is expected to subscribe up to 61 percent of equity shareholding participation in CIBX. The remaining 39 percent capital balance will be held by two local shareholders, respectively owning 26 percent (the banking industry, represented by the Banking Association) and 13 percent (held by other lending sectors, such as mobile telecommunications companies).

However, the above is just an indicative shareholding pattern. The exact apportionment of equity may be subject to negotiation after consideration of the scope of the submitted vendor proposals.

CIBX reserves the right to offer the chosen partner an increased or decreased percentage of the equity, as it sees fit, based on the proposals received from technical and strategic partners and according to negotiations. However, the percentage proportion will not be inferior to 51 percent of the total share capital.

CIBX - Credit Information Bureau of COUNTRY **Hypothetical Shareholding Pattern**



The **shareholding structure** will therefore be adjusted and finalized after negotiation with the selected technical and strategic (equity) partner, which will start at the completion of the bidding process when the contract is awarded.

The PCB's **board of directors** will be subject to local legislative requirements and to the subsequent shareholders' agreement. It is intended that CIBX's board of directors will be adjusted and restructured after the conclusion of the capital shares negotiations to reflect the new shareholding pattern composition.

Nonetheless, it is guaranteed that in the PCB's board of directors – which consists of seven directors in total – four membership seats will be granted to the partner holding majority. The voting rights attached to each shareholder will be based on local legal requirements, internal CIBX corporate documents, statute, and the shareholders' agreement.

3 EVALUATION CRITERIA

This section describes the evaluation criteria that will be applied by CIBX to appraise the responses to this RFP. These include, but are not limited to, the following:

3.1 Emerging Markets Strategy and Interest

Preference will be given to vendors that successfully demonstrate a growth strategy as well as an interest and focus on emerging consumer and commercial markets similar to COUNTRY .

3.2 Technical Expertise

Bidders will need to emphasize their technical competence in setting up and maintaining the necessary technological infrastructure required for a consumer and commercial credit bureau, for banks and microfinance institutions as well as other clients, including non-bank financial institutions, leasing companies, utility and telecommunications companies, and retail traders.

3.3 Management Experience

Emphasis should be placed on running and managing the daily operations of the credit bureau. Bidders will be expected to have deep knowledge of the credit bureau management processes and related strategies to both grow the business and deal with problems effectively. This is considered a prerequisite as part of the proposed equity participation for the technical vendor.

3.4 Range of Services for Credit Bureau Members

The range of services provided by a typical consumer and commercial credit bureau, which include services to assist members dealing with data quality issues and connectivity to the bureau, will be considered. Innovative solutions that provide viable alternatives to small credit grantors (for example, microfinance institutions) that may operate sub-optimal lending solutions are considered important to CIBX.

3.5 Willingness and Ability to Deploy Resources to COUNTRY

Bidders with a strong commitment to the country will naturally deploy more experienced and skilled resources to the project. For obvious reasons, these potential partners will be preferred. In formulating the responses, vendors should emphasize their commitment to the region, and to adequately resourcing the company.

3.6 Working Arrangements and Conditions

Bidders with simple deal structures and flexible working arrangements will be preferred. CIBX is interested in working with a partner that is open to options and willing to be involved in the overall success of the project.

3.7 Project Management Skills

Superior project management skills and processes are expected from all vendors.

3.8 Cost of Ownership for More Than Five Years

Vendors must outline their overall cost structure, including any license fees, maintenance and support fees, royalties, consultancy or other costs, plus any hardware or related software requirements.

The overall cost of ownership will be measured for the first five years with effect from the contract signing date. The following specific costs will be taken into account in the calculation:

All revenues types and costs flowing back to vendors, such as:

- Any software license fee, whether once-off or annual
- Any maintenance and support fees, whether once-off or annual
- Customization and localization costs
- Cost of enhancements and bug fixes outside of warranty period, including hourly or daily rates
- Training costs
- Consultancy costs, including hourly rates plus all other related costs, if any, such as per diems, accommodation, and flights
- Hardware and other software-related costs, separated into production and disaster recovery sites

3.9 Equity Participation

The availability to take equity majority stake in the company, and flexibility about the share proportion, represent an important parameter for proposal evaluation.

3.10 Creativity, Flexibility, and Resourcefulness

Experience has shown that creative ideas can reduce costs and improve implementation successes. Understanding that requesting for creative solutions on demand is challenging, vendors are charged with showcasing their capabilities and experience, especially innovations introduced into their business processes and operations.

Please indicate whether your role was:

- As an information provider / private credit bureau in its own right; or
- Only providing software developed and deployed by them; or
- As a partner in a consortium, detailing specific responsibilities (for example, as a related party to another vendor that was responsible for developing and deploying the software solution under common branding); or
- As a member of a consortium where another partner's software solution was deployed; or
- Simply providing consultancy services.

ANNEX 1: REFERENCES OF SIMILAR EXPERIENCE

PROJECT IDENTIFICATION	Project Name	
	Country	
	Award Date	
	Completion Date	
	Duration of Involvement	
DESCRIPTION	Short Project Description	
	Activities Description (activities undertaken in the project, including any management functions)	
REFERENCE	References (names of people who can act as references on behalf of the mentioned project – please provide name, title, and telephone number for each contact)	

ANNEX 2: INFORMATION ON VENDOR CONSORTIUM MEMBERS

COMPANY IDENTIFICATION	Company Name	
	Legal Form	
	Head Office Address	
	Telephone Number	
	Fax Number	
	Registration Number	
	Project Role (prime contractor, sub-contractor)	
CONTACT PERSON IDENTIFICATION (PERSON WHO IS AUTHORIZED TO ANSWER REQUESTS ABOUT THE BID)	Name	
	Title	
	Postal Address	
	Telephone Number	
	Fax Number	
	E-mail Address	
COMPANY PROFILE	Number of Employees	
	Total turnover (past three financial years)	
	Related Turnover (percentage of turnover relating to projects that are similar in nature to the proposed activity)	

ANNEX 3: OFFER LETTER

To Credit Information Bureau Steering Committee of COUNTRY (CIBX)

Dear _____,

After examining the request for proposal (RFP) documentation, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to supply and deliver a credit bureau solution in conformity with the RFP for the sums as may be ascertained in accordance with the price schedules made part of this proposal and attached herewith.

We undertake, if our proposal is accepted:

1. To commence delivery within () days from signature of the final contractual documentation and to complete delivery of all the items specified in the contract within () calendar days, calculated from the commencement date.
2. To complete all associated services specified in the contract within () calendar days from the day the COUNTRY credit grantors provide a sufficient representative cross-sample of data, provided by at least () (number) of the bureau member financial institutions in a mutually agreed data format.

We agree to abide by this proposal for a period of () days from the date fixed for the submission of proposals and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Until a formal contract is prepared and executed, this proposal, together with CIBX's written acceptance thereof, and CIBX's notification of award, shall constitute a binding contract between the parties.

We understand that CIBX is not bound to accept the lowest or any proposal it may receive.

Dated this _____ day of _____ 20 DATE

Signature

ANNEX 4: NON-DISCLOSURE AGREEMENT

Purpose:

- (a) The Credit Information Bureau Steering Committee (CIBX) is seeking to establish a credit bureau in **COUNTRY** (“the Purpose”).
- (b) The parties: CIBX and the International Vendor are aware that certain confidential information and other material have been disclosed or may be disclosed between CIBX and the International Vendor, including, without limit, trade and business secrets and other proprietary information, and material belonging to either of the parties hereto, their group companies, or associated organizations including but not limited to information relating to each other’s operations, systems, software, processes, methodologies, plans, know-how, data, ideas, customers, suppliers, personnel, prices, profitability, or other business, commercial, or financial affairs (“Confidential Information”) and are desirous of protecting same.

NOW IT IS HEREBY AGREED as follows:

- 1. The Recipient will only use the Confidential Information strictly for the Purpose;
- 2. All confidential information disclosed by either of the parties hereto (the “Discloser”) to the other party (the “Recipient”) in connection with the Purpose or negotiations or informal discussions concerning the Purpose and whether the Confidential Information is conveyed verbally, by demonstration, in writing or in any other medium or form will be treated as strictly confidential by the Recipient;
- 3. Except for reasons and on the basis set out in Paragraph 6, the Recipient will not disclose any of the Discloser’s Confidential Information to any third party without the prior written approval of the Discloser, such written approval not to be unreasonably withheld;
- 4. The intellectual property rights of any such Confidential Information remains (unless otherwise expressly agreed in writing between the Recipient and Discloser) the exclusive property of the Discloser (or its licensor’s) and such Confidential Information is only permitted to be used by the Recipient strictly for the Purpose;
- 5. The Recipient will take all reasonable steps to protect the Discloser’s Confidential Information from disclosure and discovery and that these steps will be no less than the steps that the Recipient would take to prevent the unauthorized disclosure or discovery of its own Confidential Information of a similar nature;
- 6. The Recipient will only divulge the Discloser’s Confidential Information to those employees who need to know it strictly for the Purpose, but only after making them aware of the confidential nature of the information and taking all reasonable steps to ensure that they will adhere to obligations equivalent to those imposed by this agreement. Notwithstanding the earlier provisions of this Paragraph 6, the Recipient of the Confidential Information will be responsible to the Discloser of the Confidential Information for the failure of any party to whom the Recipient discloses the Confidential Information to observe the obligations in this agreement regarding the use and secrecy of the Confidential Information, only to the extent that the Recipient has control over the third party;
- 7. The Recipient will notify the Discloser of any unauthorized disclosure or use of the Discloser’s Confidential Information and the Recipient will take all steps necessary (including but not limited to any required by the Discloser) to minimize the effect of such disclosure or use and to prevent any further disclosure or use;
- 8. The Recipient will promptly return all documents, papers, software, disks, and other items (and all copies of them) within its reasonable reach that contain any of the Discloser’s Confidential

- Information under this agreement to the Recipient (whether or not these were supplied to or created by the Recipient) and cease using all such information, whenever asked to do so in writing by the Discloser;
9. The Recipient will not have any confidentiality obligations under this agreement with respect to information, which, through no wrongful act of the Recipient:
 - 9.1. is already in the Recipient's possession prior to disclosure by the others not subject to any restrictions on use or disclosure and the Recipient can demonstrate this from its written records;
 - 9.2. is independently developed (but only where this is without reference to the Discloser's Confidential Information);
 - 9.3. is lawfully obtained from a third party under no restriction on use or disclosure and the Recipient is not aware that the third party is breaching any obligation of confidentiality relating to the information disclosed;
 - 9.4. becomes publicly known; or
 - 9.5. is required to be disclosed by law or by any other competent regulatory authority.
 10. The Discloser's Confidential Information is valuable and damages may not be an adequate remedy for any breach of the provisions of this agreement by the Recipient and that the Discloser will be entitled to injunctive or other equitable relief for any actual or threatened breach of the provisions of this agreement by the Recipient (without the need for the Discloser to prove any special damage);
 11. The Discloser gives no warranties (expressed or implied) with respect to the information provided to the Recipient under this agreement;
 12. The disclosure of information relating to the Purpose does not confer a right to use it for anything other than the Purpose;
 13. The Recipient will in its best ability maintain all confidentiality notices or proprietary markings placed upon or within the Confidential Information and will not remove, destroy, deface, or obscure such markings;
 14. Except to the extent strictly necessary for the Purpose, the Recipient will not copy, reproduce or record in writing any Confidential Information;
 15. Each party's obligations under this agreement will continue for a period of five (5) years from the date of this agreement subject to termination clause as contained in Paragraph 18;
 16. Subject to both parties' obligations under this agreement, either party may enter into agreements or negotiations with third parties or make disclosures to such third parties whether or not relating to the Purpose and may pursue its business even where this is in competition with the other party;
 17. This agreement will be governed by and construed in accordance with the laws of
COUNTRY and any dispute shall be subject to the exclusive jurisdiction of the
COUNTRY courts;
 18. This agreement shall take effect from the date first above specified and shall remain in full force and effect, until a mutual agreement is set in writing between the parties to terminate this agreement.

IN WITNESS WHEREOF the party hereto have executed this agreement

this day of DATE

(Name of International Vendor)

DIRECTOR / SECRETARY

IN WITNESS WHEREOF the party hereto have executed this agreement

this day of DATE

On behalf of CIBX

(Indicate position)

ANNEX 5: SELECTION CRITERIA FOR SITES VISITS

Technical Criteria

The proposed sites must:

- Be based on consumer and commercial functionality; and
- Have been implemented within the last three years and be based on the same technology platform as outlined in the vendor responses to the request for proposal (RFP).

Business Criteria

The particular site is expected to demonstrate the vendor's experience in undertaking the following activities:

- Working with data providers to assist them to submit data to the bureau;
- Providing training to bureau staff and customers and promoting bureau usage by lenders;
- Managing the project to establish the credit bureau in a professional, timely, and efficient manner that meet the project milestones;
- Providing both technical and business support to the bureau and bureau members, particularly in the local environment;
- Ensuring efficient and timely software release management processes and providing high-quality bug fixes or upgrades; and
- Ensuring that highly competent, capable, and committed staff – that possess the relevant skill sets – are deployed to provide the required level of service and support, and that they are available in the local environment.

During the site visit, it is an RFP requirement to meet with at least two customers to seek feedback and clarification. One customer could be a non-bank.

The visiting team will seek clarification from the selected bureau customers by asking questions about the above activities. Ideally, they should be able to comment from both a consumer as well as commercial lending perspective.

ANNEX 6: MANAGEMENT CONSULTANCY SERVICES

Below is a sample of management consultancy services that can be proposed in the request for proposal (RFP):

Transitional Management Support

- Vendor to provide advice and direction in managing the transition from the current environment to credit bureau launch for a minimum of three years post-launch
- Vendor to ensure smooth and continual commitment to the project and to ensure bureau operations knowledge is transferred to the local management team. Vendor may want to consider local secondment and full representative participation in the private credit bureau (PCB) management team until the cross-fertilization is complete

Business Plan Verification and Organizational Issues

- Develop business strategy inputs and recommendations
- Conduct bi-annual reviews of actual performance against the business plan in the first years after the bureau is operational
- Develop the organization chart for the Credit Information Bureau Steering Committee (CIBX) PCB and the related detailed job descriptions for key roles – such as general manager, chief technology officer, chief finance officer, chief marketing officer, head of call center and customer care, and chief law and compliance officer – while developing, in conjunction with the board, an in-depth selection process to identify suitable employees to occupy the key positions

Development of Public Relations and Marketing Strategy

- Provide a public relations (PR) strategy and carry out tasks to identify the right agency to carry out such PR exercises, including executing a suitable road map and providing appropriate documentation, approach papers, seminar contents, promotional materials, membership agreements, and a code of conduct
- Develop, in conjunction with the PCB, the bureau's initial marketing strategy, including the methodology for identifying potential customers and developing marketing kits, member kits, marketing letters, scripts, marketing presentations, and other literature to create awareness
- Recommend marketing strategies to maximize the reach, efficiency, and comprehensiveness of PCB services and products
- Validate the initial strategy with the PCB board in the bi-annual reviews, recommending mid-term course adjustments if needed
- Train marketing staff on presentations delivery and related matters for different stakeholders

Website Development and Design

Support to the development and design of the PCB's website, which will serve as the PCB's Internet presence

Bureau Team Training

- Prepare a detailed, comprehensive training manual and materials for training the operational, technical, financial, and marketing personnel with respect to software and bureau operations, including a train-the-trainer program in the training methodology
- Develop all training materials and presentations for all stakeholders

- Include internal staff – including marketing, operations, and information technology (IT) – in training plans for presentations to regulators, credit grantors (who will be bureau clients), and other authorities:
 - Identifying staff training needs
 - Developing detailed and comprehensive training manuals and materials
 - Developing training methodology
 - Training staff on IT, audit, and other operational procedure implementation
 - Training call center and customer service staff, including how to handle customer complaints
 - Creating a training curriculum for adoption by CIBX
 - Conducting IT training
 - Including day-to-day bureau operations, system monitoring, operation logs, and problem identification and resolution in the IT training

Member Bank and Non-Bank Staff Training

Train the member users and staff on the following:

- Use and features of the web-based credit reporting system
- Input file format requirements
- Bureau service operations

Data Management Support and Consultancy

Provide guidance in optimum data, backup, and storage management in line with available technology infrastructure, legal compliance requirements, and ease of management.

Support Development of New Products and Services

Assist the PCB in identifying and conceiving products that could be developed for the market while also assisting the development of a business plan for these products.

COUNTRY

Bureau Operations Process Consultancy and Development of Operations Process Manual

Provide consultancy services in bureau operations processes best practices. Develop bureau operations process guidelines and assist in the development of a bureau operations processes handbook or manual.

ANNEX 7: DATASHEET

REFERENCE	CLAUSE / CONTENT
1	<p>The name of the assignment or project: CIBX - Credit Information Bureau of COUNTRY</p> <p>The method of selection is: Open Tender</p> <p>Both technical and financial proposals are requested: Yes</p>
2	<p>The name, objectives, and description of the assignment are:</p> <ul style="list-style-type: none"> • The procurement of a technical and strategic (equity) partner to develop and customize a world-class private credit information reporting system / private credit bureau (PCB) for COUNTRY . • The selected vendor will be required to design, implement, and provide ongoing management and operations of the technical solution while also providing domain expertise to potential system users to optimize utilization and performance.
3	<p>The assignment is phased: Yes</p> <ul style="list-style-type: none"> • Phase 1: Includes the development of the necessary technical infrastructure – including database software, hardware, and telecommunications – required to operate the solution. • Phase 2: Includes implementation requirements, member data loading, system testing, knowledge transfer, and documentation.
4	<p>The envisaged need for continuity to undertake pipeline work: Yes</p> <ul style="list-style-type: none"> • The contracted vendor will be expected to enter into a support and maintenance agreement with the PCB for the provision of ongoing system support. • Further assistance may be required to modify the initial solution to accommodate changes in the market or to introduce new products and services. • Additional assistance, in the future, may be sought for the development of value-added credit bureau services – for example, credit scoring or fraud prevention services – as and when appropriate.

8	<p>Training is a specific, integrated component of this assignment: Yes</p> <ul style="list-style-type: none"> • CIBX will appoint a project leader and allocate information technology (IT) staff to the project team as appropriate, including, but not limited to, database administrators and systems analysts. • It is expected that upon completion of the technical solution’s development and installation, these individuals will be sufficiently skilled to manage all credit bureau operational aspects on a day-to-day basis.
9	<p>All costs must be submitted in the following currency: United States dollars (\$) Vendors are allowed to state local costs in the national currency: No</p>
10	<p>Proposal validity: 180 days after the submission date</p>
11	<p>Copies of the proposals to be submitted:</p> <ul style="list-style-type: none"> • 1 hard copy and 1 electronic copy of the technical proposal • 1 copy of the financial proposal in a sealed envelope, separate from the technical proposal • 1 copy of the technical proposal must also be e-mailed (technical proposal only – do not e-mail the financial proposal) <p>Drafting: Proposals to be drafted using Microsoft Office Word Paper size and font: A4, Times New Roman, size 12 Maximum number of pages (including annexes): 100 pages</p>
12	<p>The proposal submission address is:</p> <p>The envelopes should also include:</p> <ol style="list-style-type: none"> 1. Outer sealed envelope: <ul style="list-style-type: none"> • Vendor / Supplier Name • Vendor / Supplier Address • Submission Date • Name of Assignment • “Do Not Open, Except in Presence of the Evaluation Committee” must be indicated on the envelope. 2. Inner sealed envelopes: <ul style="list-style-type: none"> • Technical Proposal • Financial Proposal (“Do Not Open with the Technical Proposal” must be clearly indicated on this envelope).
13	<p>Proposals must be submitted no later than the following date and time:</p> <p>DATE at 5:00 pm COUNTRY time</p> <p>Proposals will be publicly opened on:</p> <p>DATE at 5:00 pm COUNTRY time</p>

14	The address to send information to CIBX is: [address]
15	Contracts negotiations to be held: in [country] Assignment is expected to commence: at CIBX offices in COUNTRY on DATE .

Scorecard template for technical proposal assessment (not binding, CIBX reserves itself the right to amend or totally change variables, attributes, points, or even to not utilize the scorecard)		Points
i)	Vendor's specific experience related to the assignment Maximum total points:	25
	Criteria:	
	• Number of similar projects previously undertaken	0-15
	• Experience in developing markets	0-5
	• Experience of microfinance institution and telecommunications company inclusion in the PCB	0-5
ii)	Work plan and methodology compliance with RFP requirements Maximum total points:	40
	Criteria:	
	• Proposed solution development methodology	0-20
	• Fit of deliverables	0-10
	• Capacity to answer with tailored and flexible solutions	0-5
	• Time line, duration, and phasing	0-5
iii)	Qualifications and competence of key staff for the assignment Maximum total points:	20
	Criteria:	
	• Project leader's previous experience with similar markets and similar projects	0-10
	• Team's demonstrable knowledge of PCB development and operations	0-10

iv)	Transfer of knowledge training program suitability Criteria: <ul style="list-style-type: none"> • Training plan during development • Post-implementation support and maintenance plan 	Maximum total points: 25 0-15 0-10
v)	Commitment to the project and local participation Criteria: <ul style="list-style-type: none"> • Readiness to invest in COUNTRY • Knowledge of the local market • Proportion of local staff from COUNTRY that will be involved 	Maximum total points: 20 0-10 0-5 0-5
TOTAL SCORE		130
<ul style="list-style-type: none"> • The minimum technical score required to pass: 90 • Vendors with a technical score under 90 will have their financial proposal opened: No • The following formula will determine the financial scores: $S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price, and F is the price of the proposal under consideration • Weights for technical and financial proposals: Technical = 0.8 / Financial = 0.2 		

ANNEX 8: FINANCIAL PROPOSAL SUBMISSION FORM

To CIBX - Credit Information Bureau Steering Committee of COUNTRY

Dear _____,


We, the undersigned, offer to provide the services for the development of a private credit bureau in accordance with our proposal (including both technical and financial proposals) and in response to your request for proposal dated DATE . Our attached financial proposal is for the sum of [amount in words and figures]. This amount is exclusive of local taxes. Our financial proposal considers the following costs:

Items	One-time Fee (\$)	(or) Annual Fee (\$)	Total (\$)
Software License Fee	\$	\$	\$
Localization and Customization Fees	\$	\$	\$
Maintenance and Support Fees	\$	\$	\$
Hardware (production site)	\$	\$	\$
Third-party Software (production site)	\$	\$	\$
Hardware (disaster recovery site)	\$	\$	\$
Third-party Software (disaster recovery site)	\$	\$	\$
Cost of Enhancements (hourly fee)	\$	\$	\$
Bug Fixes Outside Warranty period (hourly fee)	\$	\$	\$
Consultancy (hourly fee)	\$	\$	\$
Training (hourly fee)	\$	\$	\$
Per Diem (per day)	\$	\$	\$
Accommodation (per day)	\$	\$	\$
Flights and Travel (number of travels * unit cost)	\$	\$	\$
Other Fees (if any, please specify)	\$	\$	\$

WARRANTY PERIOD

Our financial proposal shall be binding upon us subject to the modifications resulting from contract negotiations, up to expiration of the validity period of the proposal, or DATE . Commissions and gratuities, if any, paid or to be paid by us to agents relating to this proposal and contract execution, if we are awarded the contract, are listed below:

Name and Address of Agents	Amount and Currency	Purpose of Commission or Gratuity
----------------------------	---------------------	-----------------------------------



We understand you are not bound to accept any proposal that you receive.

Yours sincerely,

Authorized Signature:

Name and Title of Signatory:

Name of Firm:

Address:

ANNEX 9: CREDIT INFORMATION ACT 17/20

ANNEX 10: COUNTRY **FINANCIAL MARKETS AND CREDIT REPORTING**
INDUSTRY OVERVIEW

ANNEX D: MINUTES OF THE PUBLIC OPENING OF TECHNICAL PROPOSALS

Minutes: Public Opening of Technical Proposals

Project: Private Sector Development

Activity: Service provider procurement for the establishment of a private credit bureau (PCB) in [country].

Minutes

On DATE at TIME at the Credit Information Bureau Steering Committee (CIBX) office in downtown [city], the public opening of the technical proposals took place – opening proposal that had been received during the service provider selection tender process for the establishment of a private credit bureau in COUNTRY.

CIBX invited six firms [Firm 1, Firm 2, Firm 3, Firm 4, Firm 5, and Firm 6], and all submitted a bid within the established deadline DATE & TIME.

The following individuals attended the session:

- CIBX Representatives: MANAGING DIRECTOR and PROCUREMENT DIRECTOR
- Bidder Representatives: representing Firm 1; representing Firm 2; representing Firm 3; and representing Firm 4.

The session initiated with MANAGING DIRECTOR welcoming attendees and presenting a brief background on the project. After this, the [procurement director] explained the tender's selection procedure.

Each received technical proposal was then opened and the following was verified and read aloud: name of the bidder; if the envelope was duly closed; if technical and financial proposals were submitted in separate envelopes; and if one original, three copies, and one electronic CD-ROM copy were submitted as requested in the bid documents. In this regard, the following was noted:

BIDDER	PROPOSAL DULY CLOSED	TECHNICAL AND FINANCIAL PROPOSALS SUBMITTED IN SEPARATE ENVELOPES	COPIES: 1 ORIGINAL, 3 COPIES, AND 1 CD-ROM
Firm 1	Yes	Yes	Yes
Firm 2	Yes	Yes	4 copies + 1 CD
Firm 3	Yes	Yes	Yes
Firm 4	Yes	Yes	2 copies + 1 CD
Firm 5	Yes	Yes	Yes
Firm 6	4 envelopes [1 original and 3 copies]	Yes	Yes

All financial proposals remained closed.

Upon opening and verifying each proposal, and since no question was raised, the session was closed and the minutes signed by all present.

Signature representing Firm 1

Signature representing Firm 2

Signature Procurement Director

Signature representing Firm 3

Signature representing Firm 4

Signature Managing Director

ANNEX E: INDIVIDUAL VENDOR SCORECARD

SPECIMEN EVALUATION SCORECARD

EVALUATOR SCORECARD ON FIRM 1		EVALUATORS	
Criteria		Maximum Score	Consensus Score
Vendor's Specific Experience Related to the Assignment		25	18
	Number of similar projects previously undertaken	15	12
	Experience in developing markets	5	2
	Experience of microfinance institutions and telecommunications company inclusion in the private credit bureau (PCB)	5	4
Work Plan and Methodology Compliance with Request for Proposal (RFP) Requirements		40	33
	Proposed solution development methodology	20	19
	Fit of deliverables	10	7
	Capacity to answer with tailored and flexible solutions	5	3
	Time line, duration, and phasing	5	4
Qualifications and Competence of Key Staff for the Assignment		20	16
	Project leader's previous experience with similar markets and projects	10	8
	Team's demonstrable knowledge of PCB development and operations	10	8
Transfer of Knowledge Training Program Suitability		25	19
	Training during development	15	13
	Post-implementation support and maintenance plan	10	6
Commitment to the Project and Local Participation		20	17
	Readiness to invest in [country]	10	9
	Knowledge of the local market	5	4
	Proportion of local staff from [country] that will be involved	5	4
TOTAL SCORE		130	103

Notes

- The minimum technical score required to pass: **90**
- Vendors with a technical score under 90 will have their financial proposal opened: **No**
- The following formula will determine the financial scores:
 $S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price, and F is the price of the proposal under consideration

Weights for technical and financial proposals: **Technical = 0.8 / Financial = 0.2**

- The minimum technical score required to pass: **90**
- Vendors with a technical score under 90 will have their financial proposal opened: **No**
- The following formula will determine the financial scores:
 $S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price, and F is the price of the proposal under consideration
- Weights for technical and financial proposals: **Technical = 0.8 / Financial = 0.2**

ANNEX F: CONSOLIDATED VENDOR SCORECARD

	MAXIMUM SCORE	CONSOLIDATED SCORES					
Criteria	130	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5	Firm 6
Vendor's Specific Experience Related to the Assignment	25	18	18	16	16	18	19
Number of similar projects previously undertaken	15	12	11	10	9	13	13
Experience in developing markets	5	2	3	3	4	3	3
Experience of microfinance institutions and telecommunications company inclusion in the private credit bureau (PCB)	5	4	4	3	3	2	3
Work Plan and Methodology Compliance with Request for Proposal (RFP) Requirements	40	33	32	30	29	33	32
Proposed solution development methodology	20	19	18	18	16	19	18
Fit of deliverables	10	7	6	5	5	6	6
Capacity to answer with tailored and flexible solutions	5	3	4	3	4	5	4
Time line, duration, and phasing	5	4	4	4	4	3	4
Qualifications and Competence of Key Staff for the Assignment	20	16	14	12	12	15	17
Project leader's previous experience with similar markets and projects	10	8	7	6	7	8	9
Team's demonstrable knowledge of PCB development and operations	10	8	7	6	5	7	8
Transfer of Knowledge Program Training Suitability	25	19	19	15	12	18	19
Training during development	15	13	12	9	6	12	13
Post-implementation support and maintenance plan	10	6	7	6	6	6	6
Commitment to the Project and Local Participation	20	17	15	14	15	17	17
Readiness to invest in COUNTRY	10	9	8	6	8	8	9
Knowledge of the local market	5	4	4	4	4	6	4
Proportion of local staff from COUNTRY that will be involved	5	4	3	4	4	3	4
TOTAL CONSENSUS SCORE		103	96	87	84	98	104
RANKING		2	4	5	6	3	1
<ul style="list-style-type: none"> The minimum technical score required to pass: 90 Vendors with a technical score under 90 will have their financial proposal opened: No The following formula will determine the financial scores: $S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price, and F is the price of the proposal under consideration Weights for technical and financial proposals: Technical = 0.8 / Financial = 0.2 							

ANNEX G: MINUTES OF THE FINANCIAL PROPOSAL PUBLIC OPENING

Minutes: Public Opening of Financial Proposals

Project Name: Private Sector Development

Activity: Service provider procurement for the establishment of a private credit bureau (PCB) in COUNTRY .

On DATE at TIME at the Credit Information Bureau Steering Committee (CIBX) office in downtown [city], the public opening of the financial proposals within the tender process for the selection of a service provider to establish a private credit bureau in COUNTRY took place.

The session was attended by the following individuals:

- CIBX Representatives: PROCUREMENT DIRECTOR
- Chamber of Commerce Representatives:
- Bidder Representatives: Representing Firm 1

The meeting started with PROCUREMENT DIRECTOR welcoming attendees, followed by a brief explanation of the procurement process that began with CIBX inviting six firms - [Firm 1, Firm 2, Firm 3, Firm 4, Firm 5, and Firm 6] – to submit proposals to establish a private credit bureau in COUNTRY . All six firms responded positively and submitted technical and financial proposals within the established deadline of DATE by TIME .

The request for proposal (RFP) established the required qualification score to be considered for the financial evaluation at 90 points out of a total 130 points. After the technical proposals evaluation, only four firms qualified for the financial evaluation: Firm 1, Firm 2, Firm 5, and Firm 6. Therefore, as was explained, only the financial proposals of these qualified bidders will be opened. The financial proposals of the non-qualified bidders will be returned unopened at the end of the selection process.

At the opening of each financial proposal envelope, the firm's technical score was read aloud followed by the proposed amount. The public reading illustrated the below:

BIDDER	TECHNICAL SCORE (MAXIMUM SCORE = 130 POINTS)	FINANCIAL PROPOSAL AMOUNT
FIRM 1	94.5 points	Option 1: In-house delivery for the first three years (\$951,000) Option 2: Off-shore, out-sourced operation for the first three years (\$973,000)
FIRM 2	96 points	Option 1: Coverage for four years (\$1,530,000) Option 2: Coverage for 6 years (\$1,930,000)
FIRM 5	98.9 points	\$1,940,000
FIRM 6	102.3 points	\$1,980,000

With no other issues or questions, the session was closed and the minutes signed by all present.

Signature representing Firm 1

Signature representing Chamber of Commerce

Signature Procurement Director

ANNEX H: FINAL SCORECARD

Summary of Financial and Technical Services

Short-listed Firms	TECHNICAL EVALUATION			FINANCIAL EVALUATION		COMBINED EVALUATION	
	Technical Score	Weighted Score*	Technical Rank	Financial Score	Weighted Score**	Combined Scores	Final Rank
Firm 1	103	82.4	2	65.9	13.19	95.59	3
Firm 2	96	76.8	4	100	20.0	96.80	2
Firm 5	98	78.4	3	55.8	11.17	89.57	4
Firm 6	106	84.8	1	68	13.59	98.39	1

AWARD RECOMMENDATION: Highest Combined Technical and Financial Score is Firm 6

Notes:

- *Technical Weighted Score = Technical Score x 0.8
- **Financial Weighted Score = Financial Score x 0.2

ANNEX I: SITE VISIT ASSESSMENTS

SITE VISIT ASSESSMENT

FOR:

A technical and strategic (equity) partnership in the establishment of the first private credit bureau in

[country]

ISSUED BY:

Credit Information Bureau Steering Committee of

(CIBX)

CIBX - Credit Information Bureau Steering Committee of

[country]

Address:

Attention:

E-mail:

Tel:

Fax:

This document serves the purpose of communicating to all interested parties the terms, conditions, and procedures applicable for the evaluation of proposals and awarding of the project.

1.SHAREHOLDING	Firm 1	Firm 2
What shareholding structure do you propose?		
What is the proposed vendor share?		
Do you propose capital or software and systems?		
Are you open to other shareholders?		
Would you like to have financial entities and industry associations represented?		
Would you prefer to have one association or have banks individually represented?		
Do you think there is added value in having a shareholder that deals with banking services and systems (for example, debit cards management)?		
Do you have plans to involve local information technology (IT) partners?		
If yes, in which role? Supplier or shareholder?		
2.OFF-SHORE OR ONSITE	Firm 1	Firm 2
Are you open to both onsite and off-shore solutions?		
XXX [country] is a small market and off-shore is the preferred solution – are you open to that?		
If an off-shore solution is selected, how would it work? Which country would provide the solution?		
Who would perform each role in an onsite unit? How would the roles differ in an off-shore unit? Can you compare the two?		
How can you ensure that an off-shore solution will give the same quality as on-shore?		
How will the local unit be organized? Please discuss staff, structure, and IT.		
How are development and maintenance costs impacted by the chosen solution?		
How will user service prices be impacted?		
How will you ensure users support the private credit bureau (PCB)?		
What are realistic development timelines for both solutions? Please discuss both onsite and off-shore timelines.		
How will you ensure training is successful?		
How will connections work?		
How can you ensure connection reliability and fast response times?		
How will the help desk be organized?		
Do you foresee any issues with off-shoring?		
How would backup and disaster recovery be organized?		

3.DEVELOPMENT/ STAFF/TRAINING	Firm 1	Firm 2
In your opinion, what are the major development, staff, and training concerns for this type of project?		
How could these issues be addressed and solved?		
How can the local partner's role add value to the project?		
What is the envisaged initial PCB structure?		
What is the envisaged PCB structure on day one? Is it different at establishment?		
Expatriate costs are high – how long are they necessary?		
Are you open to training a local managing director?		
Are you open to gradually transitioning to only local staff?		
Who would you appoint as project leader? Please discuss their experience. What projects have they worked on? Where were they?		
Can you walk through the project development process as you see it happening?		
What contents will be included in the PCB staff training plan? What is the training plan timeline?		
What contents will be included in the PCB and banks training plan? What is the training plan timeline?		
When do you realistically think local staff will be able to run the PCB?		
Do any of your staff speak [local language]?		
Have your staff conducted any other projects in [local language]?		
Do you see any issues with the country's legal framework?		
4. MICROFINANCE INSTITUTION EXPERIENCE	Firm 1	Firm 2
How can you technically empower microfinance institutions?		
Are you willing to develop a simple device to allow data extraction, sharing, and inquiry?		
Have you done this in previous projects? If so, where?		
What were the results?		
Are there any strategies to increase microfinance institution participation? For example, do you have experience in free trials, lower prices, funds to increase participation, or portfolio analysis?		
Do you have any microfinance institution special services experience?		
If so, what services?		
Where?		

Regarding pricing strategies for microfinance institutions, what are some strategies for keeping prices down?		
What is your suggested pricing strategy for other users?		
5. VALUE-ADDED SERVICES	Firm 1	Firm 2
Do you envisage gradually supplying value-added services?		
Do you have the skills, experience, and capacity to develop value-added services?		
Will they be developed directly or through a partner?		
Where are you currently distributing value-added services? Please discuss your experience, know-how, and relevant project work.		
6. MARKET KNOWLEDGE	Firm 1	Firm 2
Do you have any previous experience working in [country]?		
How familiar are you with [country]?		
Do you have any regional experience working in [continent]?		
What is your interest in the region, and specifically, where?		
Do you intend to continue to invest in the country or region?		
7. NEGOTIATION / CONTRACT	Firm 1	Firm 2
When can you draft and submit a contract?		
When can negotiation start?		
How do you envisage things proceeding after this site visit?		
What would be your suggested next steps to push the process forward?		
Generally, how long did negotiation last after being shortlisted for past projects?		
After contract signing, when can development start?		
Are there any prerequisites for signing from your side?		
How will share capital be deposited and when?		
Are there any particular issue requests to be made to the other partners?		

ANNEX J: SITE VISIT - ADDITIONAL QUESTIONS SPECIFIC TO A PARTICULAR VENDOR

QUESTIONS	
Who will manage the help desk? Where will it be based?	
Do you have previous experience with microfinance institutions and services? Please discuss your work with microfinance institutions, using details and specific examples.	
Does your proposal include intent to sub-contract infrastructure and maintenance to a local vendor? If so, why?	
In your opinion, would sub-contracting pose any risks in terms of service, maintenance, or quality? If not, please justify why.	
Does your project leader have experience managing private credit bureau (PCB) projects? Was this experience in [country]? If not, was it on the same continent? Does your proposed project leader have experience working in similar small markets? Please discuss this experience, using specific examples to illustrate country, regional, or similar (small) market experience.	
How would you provide your equity – as capital, software, or another proposed form?	

COUNTRY

CREDIT BUREAU PROJECT

**Site Visits – Additional Questions for Firm 2
(if previously unanswered)**

Do you have a global interest in the region or is COUNTRY a once-off project?	
If yes, in which other countries are you currently involved in development or negotiations? Additionally, in which countries have you already completed projects?	
Do you wish to invest in this project?	
If so, how much?	
How would you provide your equity – as capital, software, or another proposed form?	
Per your proposal, why are on-shore and off-shore prices practically the same?	
What is your envisaged shareholding pattern?	
What role will you take? What about partners?	
Will there be a cost advantage in off-shoring?	
Do you have previous experience with microfinance institutions and services? Please discuss your work with microfinance institutions, using details and specific examples.	
Has the project leader worked with microfinance institutions before? If so, please discuss use details and specific examples.	
What is your strategy for working with microfinance institutions?	
Does your project leader have experience managing private credit bureau (PCB) projects? Was this experience in COUNTRY? If not, was it on the same continent? Does your proposed project leader have experience working in similar small markets?	

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7. Opening of Technical Proposals
8. Technical Evaluation
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1. Background
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3. Financial Evaluation
4. Results of Financial Proposals

Section III

Combined Results, Summary, and Recommendations

1. Combined Technical and Financial Results
2. Summary
3. Recommendations

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MODULE 04

Credit Infrastructure Global Solutions Group

CAPACITY BUILDING FOR CREDIT REPORTING SYSTEM STAKEHOLDERS

2018



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



WORLD BANK GROUP

IFC | International
Finance Corporation

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Glossary

CRSP	Credit Reporting Service Provider
DOC	Data Operations Committee
GPCR	General Principles for Credit Reporting
IFC	International Finance Corporation
IRB	Internal Ratings-based
PCB	Private Credit Bureau
PCR	Public Credit Registry

MODULE 04

1. THE NEED FOR CAPACITY-BUILDING INITIATIVES

1.1 INTRODUCTION

From a general policy perspective, addressing information asymmetries between creditors and borrowers in order to facilitate an efficient and cost-effective credit risk assessment is perhaps the most important role of credit reporting. Through these means, credit reporting can help achieve lower lending costs, which in competitive markets are passed on to borrowers in the form of lower costs of credit. Moreover, it can enhance access to credit for individuals and firms.

From a public policy perspective, the General Principles for Credit Reporting (GPCR) reflects specific objectives, one of which highlights how an effective credit reporting system should “support financial regulators in supervising regulated institutions in order to ensure that the latter remain safe and sound, minimizing systemic risk.”

Globally, the regulation and supervision of credit information, in general, and credit reporting service providers (CRSPs), specifically, is a relatively new activity. International standards are still evolving and have yet to reach the level of recognized depth, such as the Basel I, Basel II, and Basel III standards, for example. Consequently, supervisory authorities frequently express need for capacity-building initiatives. Equally, credit providers in many emerging markets are unsure of credit information’s value.

This module thus outlines capacity-building initiatives for two dedicated audiences 1) regulators and supervisors, and 2) data and credit providers.

With respect to regulators and supervisors, they typically require capacity building in order to more thoroughly understand:

- Their credit reporting framework and, if existent, ancillary legislation (for example, data protection and credit act);
- The specific nature of a CRSP business in order to exercise their supervisory role; and
- The development of on-site and off-site examinations on both CRSPs and data and credit providers.

With respect to data and credit providers, they usually benefit from capacity building with respect to:

- Their compliance responsibilities in terms of relevant legislation; and
- The benefits of using various credit information products and services in their loan origination procedures.

1.2 WHO SHOULD USE THIS MODULE?

This module should be used by anyone who has been requested by a supervisory authority to assist with credit reporting training of management and other staff. Furthermore, the team undertaking this assignment may also support capacity-building initiatives from the credit grantor community. For supervisors, the two usual requests revolve around (i) the type of effective on-site and off-site regulatory tools to be employed, and (ii) how best to mine credit registry, CRSP, and commercial CRSP data to enhance credit risk assessment of individual financial institutions and the credit market as a whole. Team members are not expected to present any of these capacity-building initiatives themselves. Rather, it is expected that they use specialist internal advisory staff or source external experts.

1.3 CREDIT DATA USAGE FOR SUPERVISION PURPOSES

In many countries, credit reporting already plays a significant role in supporting financial sector regulation and supervision, both from the micro-prudential perspective as well as from a macro-prudential angle. Financial sector regulators and supervisors worldwide have shown a strong preference for sourcing the data they need from CRSPs as well as from other types of centralized credit databases, rather than relying on ad hoc, unstructured data requests to the regulated or supervised entities. A key reason behind this is that integrated reporting mechanisms like those of CRSPs normally ensure higher data quality and better overall usability of such data, in addition to greater efficiency. In the introduction section of all five modules, a description of the principal types of CRSPs is provided, for example, credit registries, CRSPs, and commercial credit reporting companies.

MODULE 04

2. CAPACITY BUILDING FOR SUPERVISORY AUTHORITIES

2.1 INTRODUCTION

Generally, CRSP or credit information regulation falls within the responsibility of a central bank. Traditionally, central banks focus their activities on the issuance of monetary notes, establishing monetary and fiscal policy, and providing financial stability to ensure an economy continues to operate soundly.

The supervision department of a central bank is usually tasked with the licensing and supervision of banks. A sub-function may involve supervision of non-banks, especially those that are involved with deposit-taking activities. Credit information supervision is a departure from traditional prudential activities. Credit information supervision involves more data management, and thus calls for skills and expertise in non-prudential regulation.

It should also be noted that the collapse of a financial institution may have a contagion effect that places the larger financial system at risk. The collapse of a CRSP is unlikely to have such a profound outcome. Nevertheless, by typically operating under a dedicated regulatory framework, supervisory authorities are required to implement the necessary supervision framework to regulate credit information and CRSPs.

2.2 THE NEED FOR SUPERVISORY CAPACITY BUILDING

In jurisdictions where credit reporting activities are regulated, the regulator is the authority with statutory powers of supervision over credit reporting activities and services. Statutory powers may include the power to issue licenses and to create operational rules and regulations. The regulator may also have the power to stipulate compliance conditions for CRSPs, penalize them for violations or noncompliance, or cancel their licenses. Once a CRSP is fully operational, the regulator's role is to monitor compliance. In addition to direct regulation, CRSPs may also be indirectly subject to other laws. For example, business or company law, consumer protection law, and information privacy law may indirectly impact CRSPs. As such, they may also have compliance obligations imposed by other regulators.

Enforcement is an essential element of the legal and regulatory framework and is necessary to enable the operation of the credit information industry. A country may opt for one of the following two broad approaches to enforcement, depending on its legal traditions:

- A strong supervisory authority with the power to license, register, and control CRSPs. The authority's functions usually include issuing industry regulations, granting licenses, conducting or requesting audits, receiving and analyzing complaints, and imposing penalties. Of late, most emerging economies have steered towards this option.

- Industry self-regulation is a second option. In this model, the enforcement authority's role is limited to issuing clarifying statements, collecting complaints, and, in some cases, bringing class action suits in case of systematic violations. This type of enforcement mechanism is generally prevalent in developed economies within Europe, the United Kingdom, and Australia.

The two options mentioned above are not mutually exclusive - in some jurisdictions both a supervisory and an industry body coexist. Just as a central bank acts as the last resort in times of a liquidity or financial crises, a supervisory authority may decide to intervene only once the self-regulatory industry body is unable to achieve compliance among one or more of its members.

To ensure the smooth implementation of CRSP legislation, it is thus critical to build the capacity of the supervisory authority. In several cases, implementation of the law was delayed or had a significant negative impact on existing bureaus due to the lack of enforcement capacity. For example, in one jurisdiction, the credit reporting law required all financial institutions to submit information to a CRSP after obtaining borrower consent. After much delay, a supervisory authority was appointed and could not develop a registration procedure in time. As a result, the implementation of the law had to be postponed by more than one year. Due to the lack of supervisory capacity, the authority also was unable to provide financial institutions with law compliance guidance.

In many instances, supervisory authority's primary capacity-building requirements relate to off-site and on-site activities.

2.3 OFF-SITE ACTIVITIES

Off-site activities make up the major component of CRSP supervision. With this type of review, a regulatory authority wishes to ascertain whether the CRSP is operating within license and regulatory framework conditions. Monitoring the CRSP's efficiency is the principal concern, specifically related to producing credible, reliable, accurate, and timely data in the manner and form (i) prescribed within a legislative framework, and (ii) agreed upon by themselves and data users.

Off-site reviews provide regulatory authorities with an early-warning mechanism and highlight potential areas of non-compliance that may require further investigation. This surveillance could trigger more detailed on-site reviews. Off-site reviews are a frequent activity, and could involve CRSPs reporting to a regulatory authority on a monthly or quarterly basis.

The scope and extent of off-site activities are considerable. For the purposes of this document, they are summarized below:

Supervisory Authority CRSP Off-site Activities

GENERAL COMPLIANCE MONITORING	<ol style="list-style-type: none"> 1.1. Produce annual and quarterly compliance returns 1.2. Maintain a register of returns received, review it for completeness, and process letters to follow up on outstanding submissions 1.3. Conduct a full annual review of all areas of general and procedural compliance on each bureau 1.4. Produce an annual off-site compliance report on each CRSP, including specific observations, conclusions, and recommendations
COMPLIANCE STATISTICS MONITORING	<ol style="list-style-type: none"> 2.1. Receive statistical returns from all bureaus 2.2. Obtain relevant information from the bank supervision department for comparison to information received from CRSPs 2.3. Conduct quarterly meetings of the supervision team to review the statistical compliance report for each bureau, to discuss observations, and to revise and agree on enforcement actions 2.4. Conduct quarterly meetings with the bank supervision department to discuss findings and implications
STATISTICAL REVIEW OF CREDIT MARKET TRENDS	<ol style="list-style-type: none"> 3.1. Capture statistical returns 3.2. Compile periodic reports of CRSP statistics 3.3. Identify (a) areas of risk to specific institutions, (b) risks related to specific market practices, or (c) risks impacting the overall market 3.4. Discuss in a departmental committee, reviewing, signing-off, and circulating internally or externally 3.5. Prepare and circulate minutes as required 3.6. Meet with bank supervisors to discuss trends and implications 3.7. Determine appropriate communication to senior staff in high-risk areas
CRSP ACTIVITY OF INDIVIDUAL INSTITUTIONS	<ol style="list-style-type: none"> 4.1. Extract statistical reports on CRSP activity of licensed banks 4.2. Conduct an internal review and comparison with bank supervision statistics, providing preliminary comment on compliance concerns 4.3. Meet with bank supervisors to review compliance issues related to specific institutions, as identified in CRSP activity 4.4. Enforce action, as managed by bank supervision team
CONSUMER COMPLAINTS AND CONSUMER PROTECTION STANDARDS	<ol style="list-style-type: none"> 5.1. Incorporate reviews of consumer protection standards and consumer complaints resolution into general compliance reviews and compliance statistics reviews 5.2. Produce a specific consumer protection and consumer complaints resolution report in regard to each bureau, at least once every year 5.3. Include (a) general areas of consumer protection, (b) consumer access to records, (c) dispute processing and data correction, and (d) complaints statistics as a requirement within the report 5.4. Discuss consumer protection and complaints reports at a departmental meeting and agree on appropriate action 5.5. Discuss bank-specific issues with bank supervisors
DATA SUPPLIER COMPLIANCE	<ol style="list-style-type: none"> 6.1. Obtain, on a monthly basis, data supplier load reports from all CRSPs 6.2. Check the number of credit records submitted by data suppliers to CRSPs versus the same number they reflect in compliance and supervision returns 6.3. Check for material discrepancy between the two returns 6.4. Check for data volumes discrepancies between bureaus 6.5. Check for data rejection trends month-on-month 6.6. Follow up with CRSPs and individual data suppliers for significant non-compliance

2.4 ON-SITE ACTIVITIES

The objective of on-site compliance activities is to verify various regulatory standards adopted in a CRSP market. Generally, on-site reviews seek to verify criteria that the CRSP has to fulfil in terms of (i) its license conditions, (ii) regulatory framework that governs credit information sharing, and (iii) general standards of good governance.

Data suppliers and lenders also form part of the supervisory oversight, although their review would be less comprehensive than that of a CRSP. In this regard, it is expected that additional credit information inspection areas are added to the working papers of examiners who regularly perform on-site inspections at financial institutions. The supervisory authority may use its own supervision staff or secure the services of independent examiners in the execution of on-site compliance reviews.

Generally, an on-site CRSP inspection checklist would interrogate the following:

- Registration and Licensing Information
- Shareholding and Governance:
 - List of Directors
 - Twelve Months of Board Meeting Minutes
 - Board Committees and Mandate
 - Compliance Officer
 - Internal Audit
- External Audit
- Strategic Plan and Budgets
- Staffing
- Policies and Procedures (at minimum):
 - Data Receipt and Data Validity Tests
 - Data Processing Policy and Procedures
 - Data Access, Reports, and Inquiries
 - Call Center Policy and Procedures
 - Information Security Policy and Procedures
 - Business Continuity Policy and Procedures (including Information Technology Disaster Recovery)
- Business Continuity Plans and Data Recovery Plans
- Control Over Data Access and Security
- Service Provider Agreement
- Software and Software Support
 - Application Programs
 - Responsibility for Programming, Modifications, and Support
 - Certification
- Accident and Incident Report
- Aggregate CRSP Files
- Data Furnisher List
- Data Users List
- Assess Accuracy and Validity of Data
- Consumer Access to Records, Protection of Confidentiality, and Prevention of Unauthorized Access
- Consumer Complaints Receipt and Resolution

Examiners experienced in CRSP inspections should be included in on-site capacity-building initiatives. Staff could assist supervisory authorities in sourcing an external resource if the experience does not exist internally. The expert should ideally lead the supervisory team of examiners in conducting a real licensed CRSP on-site inspection. At the conclusion of the exercise, it is envisaged that sufficient practical knowledge would have been passed to the supervisory team of examiners, enabling them to conduct future inspections without external support.

2.5 THE APPLICATION OF DATA FROM CREDIT REGISTRIES AND CRSPs

Credit registry data – and data in other centralized credit databases operated by central banks and other financial sector authorities – have been used extensively for many years to support the regulation and supervision of individual financial institutions. For example, each reporting financial institution's credit data are a key input for off-site supervision. More recently, credit data have also become important in other areas, for example, the implementation of the internal ratings-based (IRB) approach of the Basel regulatory capital framework for banks, facilitating supervisory validation of internally-estimated risk parameters.

As illustrated by the most recent financial crisis, focusing on the stability of individual financial institutions is not enough to ensure the stability of the financial system as a whole. This is why policymakers and academic circles alike have been developing a complementary macro-prudential approach to financial supervision and regulation. As part of this complementary approach, central banks and other financial supervisors perform a series of analyses and have designed instruments to continuously monitor the stability of the financial system and take preventive measures if and where appropriate. Data obtained through credit registries, and other centralized credit databases operated by financial sector regulators and supervisors, are one of the key inputs that enable these analyses from a systemic perspective. Additionally, credit data from these sources are crucial for the calibration of macro-prudential policy regulations and measures. For example, credit data-informed calibration is critical for policy related to counter-cyclical capital buffers, or quantitative limits to certain key ratios in lending, such as loan-to-value and loan-to-income.

Micro-prudential versus Macro-prudential

Micro-prudential supervision focuses on preserving the soundness of individual banks, financial conglomerates, and other financial institutions, while macro-prudential supervision is concerned with the stability of the financial system as a whole.

It should be noted that CRSPs and commercial credit reporting companies can also play a role in supporting financial regulation, supervision, and broader financial stability. Some central banks and financial supervisors already resort to CRSPs and commercial credit reporting companies to obtain the data they need to discharge their micro and macro-prudential responsibilities. Depending on a number of factors, data in these CRSPs may be sought as a complement to the data available in the credit registry or other credit databases operated by financial authorities. In some cases, it may actually be the principal source for such data, for example, when a credit registry does not exist in the corresponding jurisdiction.

Annex A illustrates the kinds of consumer credit output data, based on returns submitted by CRSPs to a supervisory authority. Aggregate data from CRSPs are usually collected and published more frequently than credit portfolio data submitted by financial institutions to a supervisory authority. Data from CRSPs tend to be more up-to-date and, in part, can serve as a useful counter-check to portfolio data received by a supervisory authority.

2.6 CAPACITY-BUILDING ACTIVITIES FOR SUPERVISORY AUTHORITIES

Depending on the stage of a regulatory authority's credit information supervision, the following capacity-building initiatives can be considered:

CAPACITY BUILDING TYPE	KEY OBJECTIVES	TIMING	DURATION	ATTENDEES	EXAMPLE
Introduction	<ul style="list-style-type: none"> • General exposure to key concepts, including credit information overview and credit information function • Identify principal stakeholders in a credit information system • Establish general governance principles • Develop data dispute resolution mechanisms • Evaluate introductory issues related to the integration of bank and non-bank data • Evaluate introduction to on-site and off-site supervision techniques 	Within six months of credit reporting bureau regulations passed or the first CRSP license issued	Two Days	All bank supervisors; examiners; CRSP division staff	Annex B
Intermediate	<ul style="list-style-type: none"> • Communicate the value of credit information sharing for bank supervisors and bank credit risk management • Interpret international standards for the supervision of credit information and the protection of consumer rights • Share case studies of statistical analysis • Review full on-site and off-site supervision methodologies and manuals • Visit to an in-country CRSP to implement on-site supervision techniques • Visit to a bank or non-bank to assess credit information compliance 	Within six months to 12 months after a CRSP license has been issued	Five Days	Credit bureau department and bank supervision staff responsible for on-site and off-site assessments; and statistical analysts	Annex C

Advanced	<ul style="list-style-type: none"> • Study tour, out-of-country, to various involved institutions • Demonstrated use of statistical information • Public credit registers (PCRs) coexistence alongside private sector CRSPs • Overview of a central bank statistical information system and database • Visit to a PCR to observe its reporting model • Usage of PCR data for micro-prudential regulation, macro-prudential regulations, and financial intermediaries • Other uses of PCR data in a national central bank • Visit to a data privacy authority • Visit to a private CRSP to obtain a briefing on its core operations 	12 months to 24 months after a CRSP license has been issued	Seven days, including travel	Head of credit bureau licensing and supervision; supervision department staff; credit bureau department staff; statistical analysts	Annex D
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2.7 COUNTERPARTIES

The following is an indicative list of potential supervisory authority counterparties that could benefit from capacity-building activities:

- Supervision departments, bank and non-bank
- Supervision examiners
- CRSP departments
- Financial stability departments
- Statistics departments

For credit providers and data suppliers, the following counterparties would benefit from capacity-building activities:

- Head of credit
- Credit division staff
- Loan origination staff
- Head of operations
- Compliance staff

MODULE 04

3. CAPACITY BUILDING FOR CREDIT PROVIDERS

3.1 INTRODUCTION

In the early stages of market development, credit providers are generally unsure of the merits of credit information sharing. The reverse may also be true – sharing positive data with competitors raises the fear that good clients will be poached. In emerging markets, especially, the requirement to submit data to a CRSP is often a regulatory requirement. Participation in the credit information system is thus generally regarded as a compliance activity with little understanding of its full benefits.

Misconceptions and misunderstanding of credit information's value among credit providers needs to be addressed as soon as feasibly possible.

3.2 SUPPLIERS OF CAPACITY-BUILDING INITIATIVES FOR CREDIT PROVIDERS

Over the past few decades, widely available credit management trainings have existed in most markets. With that said, there is little substantive evidence that credit information trainings have been incorporated into these generic courses.

Specifically in the early stages of market development, capacity-building activities should be considered and encouraged. Demand for these interventions could emanate from lender associations (representing banks or microfinance institutions and other data supplier categories), credit providers, or the supervisory authority.

Suppliers of credit provider credit information trainings could be arranged in various ways:

- The largest credit providers may arrange their own training aimed at certain categories of staff.
- Private credit bureaus (PCBs) usually provide credit providers with some initial training at the time they start processing and submitting data. Follow-up capacity building usually comes at a cost, which may be perceived as a disincentive in the early stages of data submission. Typically, established CRSPs also tend to concentrate on mid-advanced credit information training. However, most CRSPs will custom-design a training program based on the specific demands of credit providers. Annex E and Annex F provide typical training activities provided by PCBs.
- Credit specialists and analysts could be utilized to introduce credit information training modules within various categories of generic credit management training.

It is essential that partners, Bank Group staff, or any other potential stakeholder undertaking this project occupy a neutral position and lend credibility to any capacity-building initiative. The support outlined in this module is particularly useful in the early stages of market development, when indecision on various issues can cause unnecessary delays. The assessor may therefore source internal or external expertise for various identified capacity-building initiatives.

These initiatives could be generically classified as entry-level (see Annex G), intermediate (see Annex H), and advanced (see Annex I).

Depending on the sophistication (for example, manual assessments versus automated decision-making) and loan origination procedures (for example, loan approvals done at the branch level versus centralized), each credit provider should identify categories of staff required for each level of training.

3.3 SUPERVISORY AUTHORITY CAPACITY-BUILDING INITIATIVES

In the first few years of data submission by data and credit suppliers, a supervisory authority may consider conducting its own information dissemination activity. This is particularly useful when data suppliers have yet to fully embrace regulations, data submission rules, data integrity issues, statutory returns, and other compliance issues. It provides a platform for the supervisory authority to interact directly with data suppliers on a range of operational and strategic credit reporting issues. A secondary benefit is that this kind of interaction also provides an opportunity for technical service providers – including CRSPs, loan management software companies, and collection agencies – to market their product and services in an exhibition-type floor arrangement. The activity presents an opportunity to highlight regulatory and technical compliance's overall objective, and the benefits of credit information can be further promoted in the program.

This type of capacity building could be undertaken annually in the first two to three years after CRSPs submit their first data. A sample agenda for this type of initiative is provided in Annex J.

ANNEX A: EXAMPLE OF A SUPERVISORY AUTHORITY PUBLICATION BASED ON CRSP STATISTICAL RETURNS

Credit Information Monitor

First Quarter | March 2017

Credit-active consumers.....2

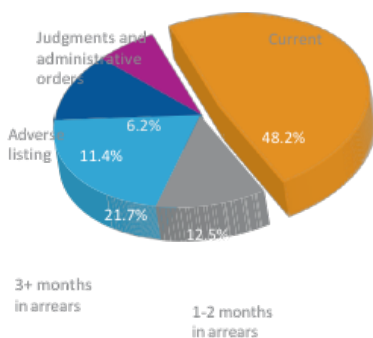
Consumer accounts3

Credit market activity4

Credit bureau activity7

Definitions.....8

Credit standing of consumers:
March 2017



Information reflected in this edition of the Credit Information Monitor covers the period from the quarter ended March 2013 to March 2017, and is based on data held by registered credit bureaus in terms of the Popular Credit Act No 88 of 2015.

Summary

Credit bureaus create consumer credit profiles based on credit information received from credit providers, courts and utility service providers. The Xavier Credit Regulator of (XCR) regulates and monitors registered credit bureaus and the quality of their data.

As at the end of March 2017:

- Credit bureaus held records for 24.68 million credit-active consumers, an increase of 1.5% when compared to the 24.31 million in the previous quarter. Consumers classified in good standing increased by 442,000 to 14.99 million consumers. As a percentage of the total number of credit-active consumers, this reflects an increase of 0.8% quarter-on-quarter and 0.7% year-on-year.
- The number of consumers with impaired records decreased by 72,000 to 9.69 million, from 9.76 million in the previous quarter.
- The number of accounts increased from 82.42 million in the previous quarter to 82.43 million. The number of impaired accounts decreased from 20.01 million to 19.70 million when compared to the previous quarter, a decrease of 307,000 quarter-on-quarter and 220,000 year-on-year.
- A total of 436.44 million enquiries were made on consumer credit records, a decrease of 2.2% quarter-on-quarter and an increase of 11.4% year-on-year. Enquiries initiated by consumers accounted for 18.49 million of all enquiries, a decrease of 6.0% quarter-on-quarter and an increase of 8.8% year-on-year.
- Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 64.2%, enquiries from retailers accounted for 6.9% and enquiries from telecommunication providers accounted for 6%. Banks and other financial institutions' enquiries increased by 9.2% from the previous quarter, retailers increased by 11.5% and telecommunication providers decreased by 39.8%.
- The number of credit reports issued to consumers decreased from 157,731 in the previous quarter to 148,498. Of the total credit reports issued, 73.2% (108,695) were issued without charge, and the remaining 26.8% (39,803) were issued with charge.
- There were 38,882 disputes lodged on information held on consumer credit records for the quarter ended March 2017, an increase of 9.0% quarter-on-quarter and 31.5% year-on-year.

Introduction

The information reflected in this Credit Information Monitor covers the period from the quarter ended March 2013 to March 2017.

Comparisons in this report: “quarter-on-quarter” refers to a comparison between the March 2017 and December 2016 quarters, and “year-on-year” refers to a comparison between the March 2017 and March 2016 quarters.

Credit-active consumers

There were 24.68 million credit-active consumers as at the end of March 2017

Credit bureaus held records for more than 49.95 million individuals on their databases as at the end of March 2017. From these records, 24.68 million (49.4%) were credit-active and the remaining records contained only identification information and no credit activity. The number of credit-active consumers increased by 370,000 quarter-on-quarter and 795,000 year-on-year.

The percentage of consumers in good standing increased this quarter

Consumers classified in good standing increased by 442,000 to 14.99 million consumers. As a percentage of the total number of credit-active consumers, this reflects an increase of 0.8% quarter-on-quarter and 0.7% year-on-year. Of the total 24.68 million credit-active consumers, 60.7% were in good standing.

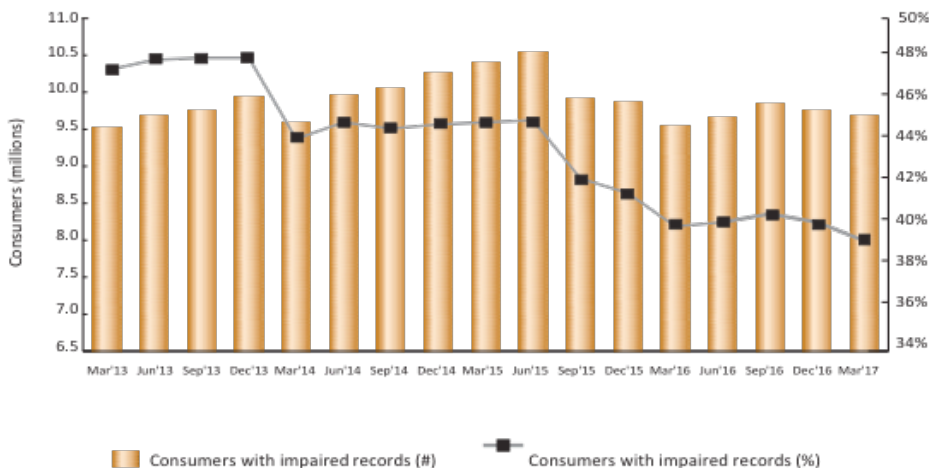
The number of consumers with impaired records (the inverse of those in good standing) decreased by 72,000 to 9.69 million. The percentage of credit-active consumers with impaired records decreased to 39.3%, comprising of 21.7% of consumers in three months or more in arrears, 11.4% of consumers with adverse listings, and 6.2% of consumers with judgments and administration orders.

A detailed breakdown of the nature of impairments is provided in Table 1 and Figure 1.

Table 1: Credit standing of consumers

	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17
Good standing (#)	12.17m	12.45m	12.58m	12.70m	12.84m	13.53m	13.87m	14.33m	14.41m	14.40m	14.55m	14.99m
Good standing (%)	55.0%	55.3%	55.1%	55.0%	54.9%	57.7%	58.4%	60.0%	59.8%	59.4%	59.9%	60.7%
Current (%)	42.2%	42.3%	42.6%	42.2%	42.8%	46.1%	46.1%	47.6%	48.3%	47.6%	47.6%	48.2%
1-2 months in arrears (%)	12.8%	13.0%	12.5%	12.7%	12.1%	11.6%	12.4%	12.4%	11.6%	11.8%	12.3%	12.5%
Impaired records (#)	9.95m	10.05m	10.26m	10.41m	10.53m	9.91m	9.87m	9.55m	9.67m	9.85m	9.76m	9.69m
Impaired records (%)	45.0%	44.7%	44.9%	45.0%	45.1%	42.3%	41.6%	40.0%	40.2%	40.6%	40.2%	39.3%
3+ months in arrears (%)	28.3%	26.3%	23.8%	22.4%	21.5%	21.6%	22.1%	22.3%	22.1%	22.3%	21.8%	21.7%
Adverse listings (%)	5.2%	7.3%	10.4%	12.2%	13.5%	11.8%	11.0%	10.1%	10.7%	11.3%	11.8%	11.4%
Judgments and administration orders (%)	11.4%	11.1%	10.7%	10.4%	10.1%	8.8%	8.5%	7.6%	7.3%	6.9%	6.6%	6.2%
Credit-active consumers (#)	22.12m	22.50m	22.84m	23.11m	23.37m	23.45m	23.74m	23.88m	24.08m	24.25m	24.31m	24.68m

Figure 1: Consumers with impaired records



Consumer accounts

There were 82.43 million accounts on record at the bureaus as at the end of March 2017

At the end of the reporting quarter there were 82.43 million accounts recorded at registered credit bureaus. This was a increase of 0.01.% quarter-on-quarter and a decrease of 3.0% year-on-year.

The percentage of accounts in good standing increased this quarter

Of the 82.43 million accounts, 62.73 million (76.1%) were classified as in good standing, a positive variance of 0.4% quarter-on-quarter and a negative variance of 0.4% year-on-year.

As at the end of March 2017:

- 68.8% of accounts were classified as current (increased quarter-on-quarter by 0.4% and decreased by 0.2% year-on-year).
- 7.3% had missed one or two instalments (remained unchanged quarter-on-quarter and decreased year-on-year by 0.2%).
- 17.8% had missed three or more instalments (decreased quarter-on-quarter by 0.1% and increased year-on-year by 0.1%).
- 4.6% had adverse listings (decreased quarter-on-quarter by 0.3% and increased year-on-year by 0.5%).
- 1.5% had court judgments (decreased quarter-on-quarter by 0.1% and year-on-year by 0.2%).

See Table 2 and Figures 2 and 3 for detailed breakdown.

Table 2: Credit standing of accounts

	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17
Good standing (#)	58.15m	59.55m	59.84m	59.66m	60.47m	60.37m	63.56m	65.03m	64.32m	63.44m	62.41m	62.73m
Good standing (%)	73.2%	73.3%	72.9%	72.7%	73.6%	74.9%	76.1%	76.5%	76.1%	75.7%	75.7%	76.1%
Current (%)	65.4%	65.5%	65.2%	64.7%	66.1%	67.6%	68.4%	69.0%	69.1%	68.5%	68.4%	68.8%
1-2 months in arrears (%)	7.9%	7.8%	7.6%	8.0%	7.5%	7.3%	7.7%	7.5%	7.0%	7.2%	7.3%	7.3%
Impaired records (#)	21.28m	21.64m	22.28m	22.38m	21.71m	20.24m	19.99m	19.92m	20.24m	20.37m	20.01m	19.70m
Impaired records (%)	26.8%	26.7%	27.1%	27.3%	26.4%	25.1%	23.9%	23.5%	23.9%	24.3%	24.3%	23.9%
3+ months in arrears (%)	21.3%	20.7%	20.1%	19.8%	18.9%	18.4%	17.8%	17.7%	17.8%	18.1%	17.9%	17.8%
Adverse listings (%)	2.9%	3.4%	4.6%	5.1%	5.2%	4.8%	4.4%	4.1%	4.5%	4.6%	4.9%	4.6%
Judgments and administration orders (%)	2.6%	2.5%	2.4%	2.3%	2.2%	1.9%	1.8%	1.7%	1.6%	1.6%	1.6%	1.5%
Consumer accounts (#)	79.42m	81.18m	82.13m	82.04m	82.17m	80.60m	83.55m	84.96m	84.56m	83.81m	82.42m	82.43m

Figure 2: Accounts with impaired records

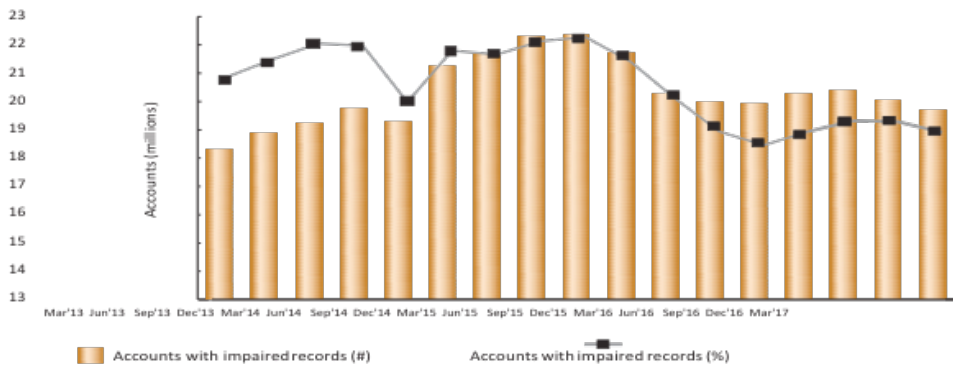
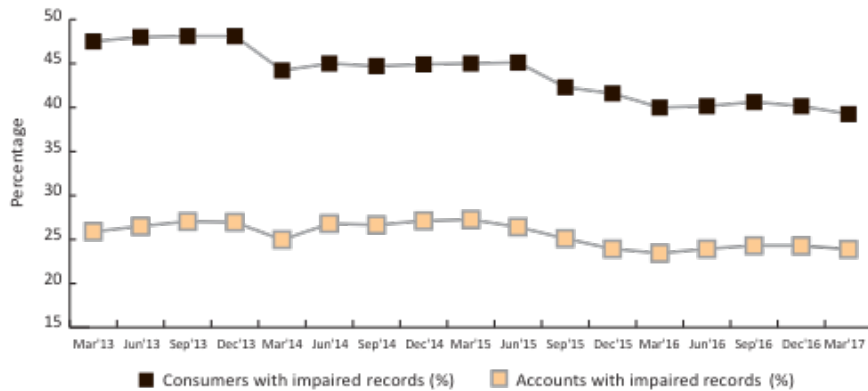


Figure 3: Consumers and accounts with impaired records



Credit market activity

Enquiries made on consumer records decreased for the quarter

There were 436.44 million enquiries made in the quarter ended March 2017. This was a decrease of 2.2% quarter-on-quarter and an increase of 11.4% year-on-year. Enquiries done in bulk by banks and other financial institutions formed the largest portion of all enquiries.

- 18.49 million enquiries were made due to consumers seeking credit (decreased by 6.0% quarter-on-quarter and increased by 8.8% year-on-year).
- 1.05 million enquiries were related to telecommunication services (decreased by 9.7% quarter-on-quarter and increased by 50.1% year-on-year).
- 21.00 million enquiries were made for tracing/debt collection purposes (increased by 0.8% quarter-on-quarter and increased by 8.7% year-on-year).
- 395.90 million enquiries were made for other purposes – excluding those purposes mentioned above, e.g. account management and contact information update (decreased by 2.2% quarter-on-quarter and increased 11.6% year-on-year).

Refer to Table 3 and Figures 4 and 5 for detailed breakdown.

Table 3: Enquiries

Enquiry purpose:	Number of enquiries (millions)										Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17	
Consumers seeking credit	12.76	13.23	15.79	15.64	16.99	16.48	17.91	19.66	18.49	3.6%	19.4%	-0.9%	8.6%	-3.0%	8.6%	9.8%	-6.0%	
Telecommunication services	0.81	0.91	0.74	0.64	0.70	0.67	0.85	1.16	1.05	12.2%	-18.4%	-13.5%	8.6%	-3.9%	25.7%	37.6%	-9.7%	
Tracing/debt collection purposes	17.51	22.62	15.77	14.47	19.32	36.54	35.35	20.83	21.00	29.2%	-30.3%	-8.3%	33.5%	89.2%	-3.2%	-41.1%	0.8%	
Other	304.99	376.01	343.74	387.93	354.77	380.68	399.71	404.79	395.90	23.3%	-8.6%	12.9%	-8.5%	7.3%	5.0%	1.3%	-2.2%	
Total	336.08	412.77	376.04	418.69	391.78	434.37	453.82	446.44	436.44	22.8%	-8.9%	11.3%	-6.4%	10.9%	4.5%	-1.6%	-2.2%	

Figure 4: Enquiries due to consumers seeking credit

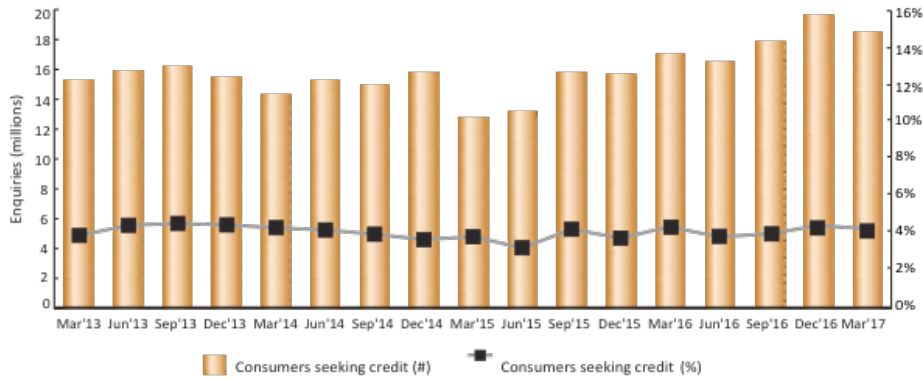


Figure 5: Enquiries due to consumers seeking credit and enquiries for tracing/debt collection purposes



Enquiry sectoral analysis

There were 280.10 million enquiries made by banks and other financial institutions in the quarter ended March 2017, an increase of 9.2% quarter-on-quarter and a decrease of 2.8% year-on-year. Retailers made 30.01 million enquiries on consumer records, which was an increase of 11.5% quarter-on-quarter and 13.2% year-on-year. Enquiries made by telecommunication providers decreased by 39.8% quarter-on-quarter and increased by 79.8% year-on-year, to 26.23 million in the March 2017 quarter. Enquiries made by debt collection agencies increased by 36.8% quarter-on-quarter and 97.1% year-on-year, to 5.26 million in March 2017 quarter. Enquiries made by all other entities decreased by 17.9% quarter-on-quarter and increased by 58.5% year-on-year, to 94.84 million.

Refer to Tables 4 to 7 and Figure 6 for a detailed breakdown.

Table 4: All enquiries – distribution according to sectors

Enquiries by:	Number of enquiries (millions)									Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Banks and other financial institutions	251.74	313.86	262.10	279.00	288.18	293.41	257.26	256.56	280.10	24.7%	-16.5%	6.4%	3.3%	1.8%	-12.3%	-0.3%	9.2%
Retailers	10.03	10.27	26.19	26.90	26.52	26.24	29.83	26.93	30.01	2.5%	155.0%	2.7%	-1.4%	-1.0%	13.7%	-9.7%	11.5%
Telecommunication providers	13.04	22.08	13.38	11.14	14.59	36.65	63.61	43.60	26.23	69.4%	-39.4%	-16.7%	30.9%	151.2%	73.6%	-31.5%	-39.8%
Debt collection agencies	4.87	3.90	4.01	3.10	2.67	3.71	3.42	3.85	5.26	-19.9%	2.7%	-22.6%	-13.9%	38.9%	-7.9%	12.6%	36.8%
All other entities	56.40	62.65	70.37	98.55	59.82	74.36	99.70	115.50	94.84	11.1%	12.3%	40.1%	-39.3%	24.3%	34.1%	15.8%	-17.9%
Total	336.08	412.77	376.04	418.69	391.78	434.37	453.82	446.44	436.44	22.8%	-8.9%	11.3%	-6.4%	10.9%	4.5%	-1.6%	-2.2%

Figure 6: All enquiries – distribution according to sectors

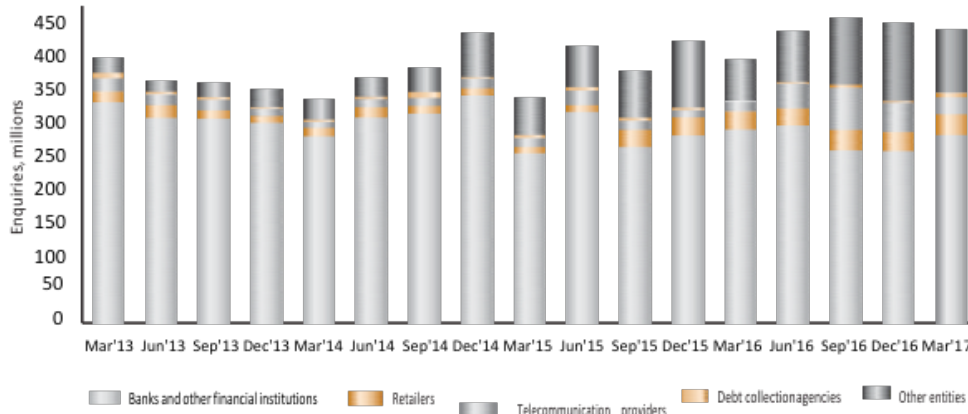


Table 5: Enquiries by banks and other financial institutions

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Consumers seeking credit	10.37	10.77	13.11	13.20	14.97	14.14	14.89	16.58	16.03	3.9%	21.7%	0.7%	13.4%	-5.5%	5.3%	11.4%	-3.3%
Tracing/debt collection purposes	1.57	1.36	1.34	1.77	3.02	5.35	2.44	1.81	1.92	-13.7%	-1.2%	31.5%	71.1%	77.2%	-54.4%	-25.7%	6.2%
Other purposes	239.79	301.73	247.65	264.03	270.19	273.92	239.94	238.17	262.14	25.8%	-17.9%	6.6%	2.3%	1.4%	-12.4%	-0.7%	10.1%
Banks and other financial institutions	251.74	313.86	262.10	279.00	288.18	293.41	257.26	256.56	280.10	24.7%	-16.5%	6.4%	3.3%	1.8%	-12.3%	-0.3%	9.2%

Table 6: Enquiries by retailers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Consumers seeking credit	2.39	2.45	2.68	2.43	2.02	2.34	3.02	3.07	2.46	2.6%	9.2%	-9.2%	-17.1%	16.1%	29.0%	1.7%	-20.1%
Tracing/debt collection purposes	1.00	1.22	1.31	1.27	1.86	1.80	0.81	0.5	1.02	21.4%	7.5%	-2.7%	46.1%	-3.1%	-55.2%	-38%	103.6%
Other purposes	6.63	6.60	22.20	23.19	22.64	22.10	26.00	23.35	26.54	-0.4%	236.4%	4.4%	-2.4%	-2.4%	17.6%	-10.2%	13.6%
Retailers	10.03	10.27	26.19	26.90	26.52	26.24	29.83	26.93	30.01	2.5%	155.0%	2.7%	-1.4%	-1.0%	13.7%	-9.7%	11.5%

Table 7: Enquiries by telecommunication providers

Enquiry purpose:	Number of enquiries (millions)									Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Telecommunication services	0.81	0.91	0.74	0.64	0.70	0.67	0.85	1.16	1.05	12.2%	-18.4%	-13.5%	8.6%	-3.9%	25.7%	37.6%	-9.7%
Tracing/debt collection purposes	8.27	14.64	7.27	6.71	8.52	16.39	26.72	13.22	10.11	77.2%	-50.3%	-7.7%	26.9%	92.5%	63.0%	-50.5%	-23.5%
Other purposes	3.96	6.53	5.36	3.79	5.37	19.58	36.04	29.22	15.06	64.8%	-17.9%	-29.4%	41.8%	264.8%	84.1%	-18.9%	-48.5%
Telecommunication providers	13.04	22.08	13.38	11.14	14.59	36.65	63.61	43.60	26.23	69.4%	-39.4%	-16.7%	30.9%	151.2%	73.6%	-31.5%	-39.8%

Credit bureau activity

Demand for credit reports decreased for the quarter

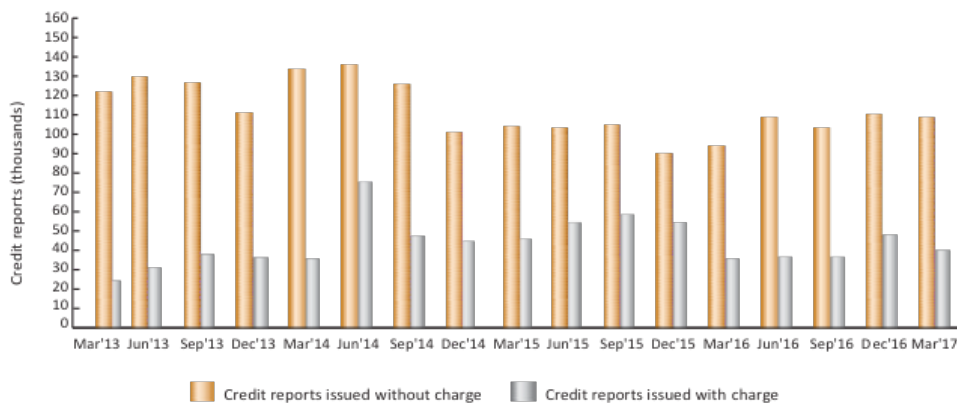
Of the total 148,498 credit reports issued to consumers at their request during the quarter ended March 2017, 73.2% (108,695) were issued without charge, and the remaining 26.8% (39,803) were issued with charge. The total number of credit reports issued decreased by 5.9% quarter-on-quarter and increased by 14.7% year-on-year.

See Table 8 and Figure 7 for details.

Table 8: Credit reports issued

Credit reports:	Number of credit reports										Percentage change								
	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Dec 14 to Mar 15	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Issued without charge	101,119	103,771	102,967	104,688	90,150	93,977	108,818	103,258	109,797	108,695	2.6%	-0.8%	1.7%	-13.9%	4.2%	15.8%	-5.1%	6.3%	-1.0%
Issued with charge	44,804	45,451	54,283	58,435	54,060	35,481	36,195	36,144	47,934	39,803	1.4%	19.4%	7.6%	-7.5%	-34.4%	2.0%	-0.1%	32.4%	-17.0%
Total issued	145,923	149,222	157,250	163,118	144,210	129,458	145,013	139,402	157,731	148,498	2.3%	5.4%	3.7%	-11.6%	-10.2%	12.0%	-3.9%	13.1%	-5.9%

Figure 7: Credit reports issued



Consumer disputes

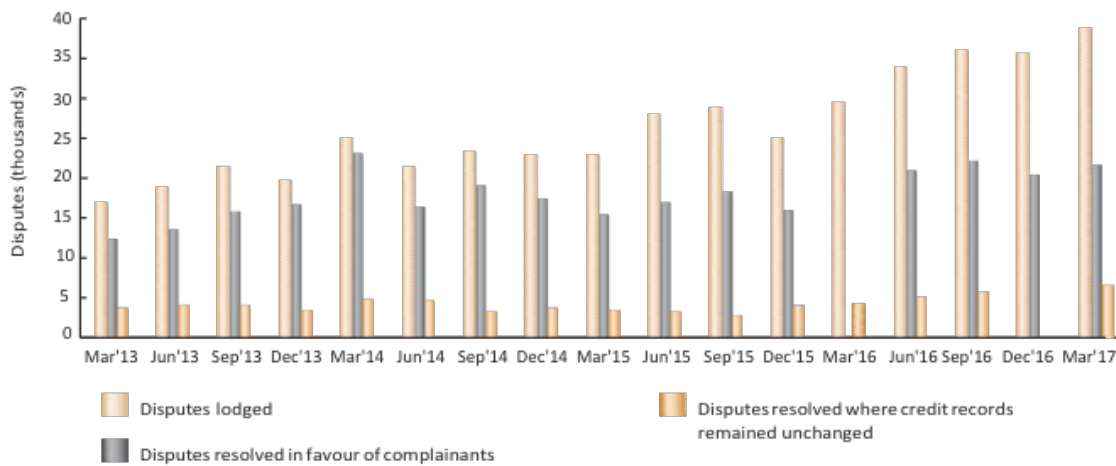
There were 38,882 disputes lodged in respect of the accuracy of the information recorded on consumer credit records in the quarter ended March 2017. This was an increase of 9.0% quarter-on-quarter and 31.5% year-on-year. More disputes were resolved in favour of complainants (21,594) as compared to disputes where credit records remained unchanged (6,573).

See Table 9 and Figure 8 for details.

Table 9: Disputes

Disputes:	Number of disputes									Percentage change							
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 15 to Jun 15	Jun 15 to Sep 15	Sep 15 to Dec 15	Dec 15 to Mar 16	Mar 16 to Jun 16	Jun 16 to Sep 16	Sep 16 to Dec 16	Dec 16 to Mar 17
Lodged	22,912	27,988	28,856	24,920	29,558	33,989	36,118	35,673	38,882	22.2%	3.1%	-13.6%	18.6%	15.0%	6.3%	-1.2%	9.0%
Resolved in favour of complainants	15,349	16,896	18,275	15,870	16,587	20,825	22,060	20,333	21,594	10.1%	8.2%	-13.2%	4.5%	25.6%	5.9%	-7.8%	6.2%
Resolved where credit record remained unchanged	3,371	3,187	2,845	4,068	4,246	5,004	5,687	5,807	6,573	-5.5%	-10.7%	43.0%	4.4%	17.9%	13.6%	1.4%	13.2%

Figure 8: Disputes



Definitions

Terms used in this report	Definitions
Credit-active consumers	Consumers obligated to pay credit providers and/or service providers, etc. These obligations result in transactional entries on the consumer's credit record at the credit bureaus.
Impaired record	A record on which a consumer and/or any of the accounts, are either classified as three or more payments or months in arrears, or which has an "adverse listing", or that reflects a judgment or administration order.
Good standing	An account or consumer showing as current or on which the client has not missed more than one or two instalments, which has no adverse listings and has no judgments.
Adverse listing	Accounts with adverse classifications such as 'handed over' and/or 'written-off'.
Current	A consumer or account is up-to-date with payments and has not missed any instalment over the period of the credit agreement.

Notes

1. Where values have been rounded off, the percentage calculations and summed totals are calculated off the unrounded values.

ANNEX B: AGENDA FOR AN INTRODUCTION WORKSHOP FOR A SUPERVISORY AUTHORITY STAFF

LICENSING AND SUPERVISION OF CRSPs WORKSHOP FOR THE CENTRAL BANK OF COUNTRY

The [organization / World Bank Group and International Finance Corporation (IFC)], is organizing two, two-day workshops on the application of credit reporting service provider (CRSP) information in supervision of banks and non-bank financial institutions. In several markets around the world, supervisory bodies are giving attention to greater formalization of entry and exit mechanisms for CRSPs. The aim is improved protection of the data subjects' interests while simultaneously requiring that credit information sharing support improved credit risk management. In countries as diverse as Cambodia, Ghana, India, Jordan, Kenya, Nigeria, Rwanda, Tanzania, Tajikistan, and others, supervisory bodies are implementing new licensing procedures while also increasing the formalization of regulatory oversight of CRSP activities.

In the majority of these countries, CRSPs are under the regulatory oversight of the central bank, including compliance requirements on bank supervisors and obligations for CRSP supervision. The workshops aim to provide an overview of (a) the obligations of banks and non-bank financial institutions in regard to credit information sharing, and (b) the application of credit information in prudential supervision.

The lead facilitator for the training event is Mr. [facilitator]. Mr. [facilitator] is an international credit reporting expert and has been working with our team in implementing in-depth supervision training in different markets around the globe, including countries in Africa, Asia, and the Middle East.

The workshops are intended for staff working on CRSP licensing and supervision as well as for supervisors of banks and non-bank financial institutions.

LICENSING AND SUPERVISION TRAINING CENTRAL BANK OF

COUNTRY ,

DATE		Day 1
Time	Topic	Facilitators:
9:00 AM	Welcome Remarks and Introduction	
9:15 AM	Systemic Overview of Credit Information Sharing Participants will receive an overview of: <ul style="list-style-type: none"> • Credit information sharing's impact on credit market development • Credit risk management and supervision • International standards related to credit information sharing 	Credit Reporting Expert
11:15 AM	Practical Application of Credit Information by Different Users This session will provide an overview of: <ul style="list-style-type: none"> • The types of credit reporting service providers (CRSPs) found in different parts of the world • The level and nature of credit information sharing in different parts of the world • The structure of CRSPs and credit information sharing systems in leading markets • Discussion on the application of CRSP information by financial institutions and supervisors 	Bank Group / Organization Official

12:00 AM	<p>Legal and Regulatory Requirements in COUNTRY</p> <p>This session will provide an overview of the current legal and regulatory environment for credit information sharing in COUNTRY. This includes:</p> <ul style="list-style-type: none"> • The type of data, including positive and negative data, to be shared • Whether data submission and inquiries are mandatory or voluntary • The types of institutions, including banks and non-banks, that are required to share data • The license conditions and reporting requirements of licensed CRSPs • CRSP information application in loan origination • Permissible uses of credit information • Data retention periods • Dispute resolution mechanisms 	Regulatory or Central Bank Official
12:30 AM	<p>Governance and Regulation of CRSPs and Credit Information Sharing</p> <p>This session provides an overview of the specific governance framework for CRSPs, and of credit information sharing in general. It reviews, among other things:</p> <ul style="list-style-type: none"> • Roles of different institutions in the credit reporting governance framework, including: <ul style="list-style-type: none"> • Role of regulators • Role of parliament • Role of CRSPs • Role of data providers • Role of (potential) alternate dispute resolution agencies • Responsibilities of the board of directors and relevant committees of CRSPs and data providers 	Credit Reporting Expert
2:00 PM	<p>Supervisors' Role in Ensuring Banks and Non-banks Comply with Obligations with Respect to Credit Information Sharing</p> <p>This session includes an overview of:</p> <ul style="list-style-type: none"> • The framework for bank and non-bank supervisors to ensure that these institutions comply with their legal and regulatory obligations with respect to credit information sharing • How these activities support the overall objectives of bank supervision and prudential regulation 	Credit Reporting Expert
3:30 PM	<p>Application of CRSP Data in Supervision and Market Monitoring</p> <p>This session will address the following topics:</p> <ul style="list-style-type: none"> • What types of statistical reports and data can a CRSP produce? • How should the regulator work with the operator to ensure that the required statistics can be produced? • What are the differences between compliance statistics and market statistics? • How can CRSP statistics be used in bank supervision? 	Credit Reporting Expert
4:30 PM	<p>Day One Recap</p> <p>Open discussion, recap of the day's discussions, and submission of day one evaluation forms</p>	Credit Reporting Expert and Organization /Bank Group Official

DATE		Day 2
Time	Topic	Facilitators:
9:00 AM	<p>Effective Supervision of Data Suppliers</p> <p>This session deals with supervisory activities required for the effective supervision of data suppliers (banks and non-banks), and addresses the following topics:</p> <ul style="list-style-type: none"> • Why regulate and supervise? • Who should regulate? • What is the role of the regulatory authority? • What are lender regulatory obligations? • What are on-site and off-site activities? • What procedures follow on-site and off-site activities? • What does coordination within the regulatory authority look like? 	Credit Reporting Expert
10:30 – 11:00 AM Coffee Break		
11:00 AM	<p>Consumer Protection and Credit Reporting</p> <p>The workshop's last session will cover the key consumer protection concerns as they relate to credit reporting:</p> <ul style="list-style-type: none"> • What are the CRSP's responsibilities in protecting the rights of data subjects? • What about banks and other data providers? • What are the options for establishing effective complaint and dispute resolution structures? • What is the role of an ombudsman? • Should the regulator play a role in the resolution of disputes? 	Credit Reporting Expert
12:00 PM	<p>Open Discussion: Priorities and Areas of Concern</p> <p>This is an open discussion allowing supervisors to comment on and discuss the application of credit information in the financial sector and priorities from a supervisory perspective</p>	Credit Reporting Expert and Organization / Bank Group Official
1 PM Lunch		

2:00 PM	<p>CRSP Presentation</p> <p>Participants will listen to a CRSP presentation on the development of the bureau, challenges, and successes:</p> <ul style="list-style-type: none"> • What are some of the success factors in setting up a successful bureau? • What are some of the biggest risks? • What are the operational and legal risks? • What are some of the checks and balances bureaus need to consider? • What can go wrong in setting up a bureau? • How will good business practices reduce the risks to consumers, financial institutions, and the financial system? 	Managing Director of a CRSP
2:00 PM	<p>Supervisors' Role in Ensuring Banks and Non-banks Comply with Obligations with Respect to Credit Information Sharing</p> <p>This session includes an overview of:</p> <ul style="list-style-type: none"> • The framework for bank and non-bank supervisors to ensure that these institutions comply with their legal and regulatory obligations with respect to credit information sharing • How these activities support the overall objectives of bank supervision and prudential regulation 	Credit Reporting Expert
3:30 PM	<p>Panel Discussion</p> <p>Some key considerations include:</p> <ul style="list-style-type: none"> • What can go wrong from a public and regulatory perspective? • What are some of the key focus areas from a supervisor's perspective? • Are there areas in which supervisory action can enhance credit information sharing? • Are there regulatory approaches that will undermine effective credit information sharing? • Are there particular challenges in small or low volume environments? <p>Panelists: Bureau Managing Director, Bank Supervisor, and Non-bank Financial Institution (NBFI) Supervisor, Moderator: Credit Reporting Expert</p>	
4:30 PM	Wrap-Up, Next Steps, and Closing Remarks	Regulatory Authority and Central Bank Official

ANNEX C: EXAMPLE OF A SUPERVISORY AUTHORITY PUBLICATION BASED ON CRSP STATISTICAL RETURNS

Capacity Building Training for Bank Supervisors

DAY 1	At Central Bank Premises	
9:00 AM	<p>Opening by Central Bank of COUNTRY Central Bank Presentation: Credit Information Sharing's Current Status in COUNTRY :</p> <ul style="list-style-type: none"> • Status of legislation and regulations • Status of credit reporting service provider (CRSP) establishment • Users participating • Status of information sharing, inquiries, and statistics • Work done by central bank • Next steps and issues 	Central Bank of COUNTRY
10:00 AM	<p>Value of Credit Information Sharing for Bank Supervisors and Bank Credit Risk Management: Overview of Credit Information Sharing's Key Aspects from the Bank Supervisor Perspective:</p> <ul style="list-style-type: none"> • Credit information sharing and credit risk • Market structure for credit information sharing • Applications within bank client selection and risk management • Applications by bank supervisors in market monitoring and prudential supervision • Responsibility of supervisors in terms of bank compliance 	Project Team
10:45 AM	<p>International Standards for the Supervision of Credit Information and the Protection of Consumer Rights:</p> <ul style="list-style-type: none"> • Review of primary international standards on credit information sharing and data protection • Review of international approaches to the supervision of credit information sharing • Different roles of public credit registers and private CRSPs 	Project Team
11:30 AM	<p>Case Study: Statistical Analysis of CRSP Performance Using CRSP statistical reporting to (a) identify weaknesses in CRSP processing, and (b) use bank and non-bank reporting and data and CRSP statistics to identify priority areas for on-site inspection</p>	Project Team
1:00 PM	LUNCH	
2:30 PM	<p>On-site and Off-site Supervision of CRSPs (Part A) Overview of on-site and off-site CRSP supervision, including (a) framework for off-site monitoring; (b) on-site inspection process and inspection program; and (c) specific procedures for data quality, data completeness, and data security</p>	Bank Group
3:30 PM	<p>Case Study: Structure of Credit Information Sharing and Periodical Statistics Evaluation</p>	Project Team / Central Bank of COUNTRY

DAY 2		
At Central Bank Premises		
9:00 AM	On-site and Off-site Supervision of CRSPs (Part B) Overview of on-site and off-site CRSP supervision, including (a) framework for off-site monitoring; (b) on-site inspection process and inspection program; and (c) specific procedures for data quality, data completeness, and data security	Project Team
10:30 AM	TEA BREAK	
10:45 AM	Case Studies Case study of on-site CRSP supervision, including (a) planning and identification of priority areas; (b) application of on-site inspection program; (c) priority areas, including data quality, completeness, and security; and (d) enforcement action and documentation requirements	Project Team / Central Bank of COUNTRY
12:00 PM	Overview of Supervision Manual and Checklists (A) • Overview and discussion of manual	Project Team
1:00 PM	LUNCH	
2:30 PM	PRESENTATION TO BANK SUPERVISION DEPARTMENT On-site and Off-site Supervision of Users and Data Providers: Compliance Supervision for Banks and Non-banks (continued) • Overview of compliance supervision over banks and non-bank credit providers in terms of credit information sharing • Common problems in the implementation of credit information sharing and anticipated challenges in bank and non-bank compliance • International experience • Role of CRSP in addressing problems • Central bank guidance and central bank enforcement	Project Team / Central Bank of COUNTRY
3:30 PM	Case Studies for Bank Supervisors • Interpretation and application of CRSP reports Case Studies for Bank Supervisors • Application of credit information sections in bank supervision	Bank Group / Central Bank of COUNTRY
DAY 3		
At Central Bank Premises (morning)		
9:30 AM	Review of Supervision Manual Draft (Part B)	Project Team / Central Bank of COUNTRY
11:00 AM	TEA BREAK	
11:30 AM	Discussion of Approach in Doing On-site CRSP, Bank, and Non-bank Inspections Review of next two day's program for the on-site supervision visit to the CRSP and two user banks. Discuss the expectations for supervisors and how to achieve them during the visit	Project Team / Central Bank of COUNTRY
1:00 PM	LUNCH	
2:30 PM	Travel to CRSP Premises	Project Team / Central Bank of COUNTRY
3:30 PM	Case Studies for Bank Supervisors • Interpretation and application of CRSP reports • Application of credit information sections in bank supervision	Bank Group / Central Bank of COUNTRY

On-site Supervision of the CRSP – at CRSP Premises		
2:30 PM	Presentation by CRSP Including (a) all areas of business; (b) a description of the different phases of data processing; (c) key processes in terms of data quality, data completeness, and security; (d) different bureau products; (e) operational statistics; (f) consumer access to records and complaints resolution; and (g) cost and fee structure and factors impacting upon the viability of a bureau	CRSP / Project Team / Central Bank of COUNTRY
4:00 PM	Walk-through Guided tour of different areas of the CRSPs operations and a detailed review of different aspects of data security, back-up, and relay	
DAY 4 On-site Supervision of the CRSP – at CRSP Premises		
9:30 AM	Bureau Data Processing <ul style="list-style-type: none"> Review of different steps in bureau data processing Demonstration of data completeness and data quality procedures, including audit tests to verify this Demonstration of query functionality 	CRSP / Project Team / Central Bank of COUNTRY
10:15 AM	Review Different Aspects of the Bureau's Documentation <ul style="list-style-type: none"> Review to include: <ul style="list-style-type: none"> Directors, shareholders, and minutes of board meetings Policies and procedures Staff profile and contracts Supplier and user agreements Complaints resolution system, including: <ul style="list-style-type: none"> Consumer access to free reports Complaints processing system Process of correction Complaints statistics Nature of complaints 	
11:15 AM	Operational Statistics <ul style="list-style-type: none"> Review monthly data submission and inquiry statistics for the last year from all data suppliers and users Identify discrepancies and discuss reasons and rectifying actions 	
12:15 PM	Budgets and Financial Performance Discuss typical CRSP cost structure in the start-up phase, from the experience of the bureau, highlighting challenges in reaching break-even	
1:00 PM	LUNCH - Initial discussion of findings	
1:45 PM	Review and Discussion of Findings <ul style="list-style-type: none"> Review monthly data submission and inquiry statistics for the last year from all data suppliers and users Identify discrepancies and discuss reasons and rectifying actions 	CRSP / Project Team / Central Bank of COUNTRY
3:00 PM	Discussion Between Regulators and Management Discuss any areas of concern that require further clarification, covering both CRSP operations and the process of performing an on-site CRSP inspection	

Day 5 (half day)	On-site Supervision of a PCB Bank User (morning only)	
09:00 PM	Visit to One or Two Banks or Microfinance Institutions to Assess Credit Information Compliance Potentially visit two institutions in parallel to discuss and evaluate policies and procedures for data submission and using credit information	Project Team / Central Bank of COUNTRY
12:00 PM	LUNCH	
1:00 PM	Wrap-up and Impressions of the Audits Discuss the experience and implementation approach	Project Team / Central Bank of COUNTRY
3:30 PM	TRAINING CLOSURE	

ANNEX D: INSTITUTIONAL STUDY TOUR ITINERARY FOR CENTRAL BANK STAFF

The role of credit reporting service providers and public credit registries in developed credit reporting and credit industry environments

Study tour to Italy and Germany - Organized by the [World Bank Group and International Finance Corporation] for the central banks of: COUNTRY , COUNTRY , and COUNTRY

DATE - Rome - Frankfurt

DAY 1	Sunday 13 June, 2017
	<ol style="list-style-type: none"> 1. Participants individually arrive in Rome 2. Check-in at hotel and overnight stay in Rome
DAY 2	Monday 14 June, 2017 - Rome
	<ol style="list-style-type: none"> 1. Visit to the training center of the Bank of Italy (all day) - Centro Donato Menichella (CDM) 2. Overnight stay at hotel in Rome
07:30 - 08:45	Transfer from Rome hotel to CDM
08:45 – 09:00	Registration and security checks
09:00 – 09:15	Opening remarks and participant introductions
09:15 – 09:30	Overview of the Bank of Italy statistical information system and database
09:45 – 10:45	The Italian Public Credit Register (CCR) legal framework, aims, general issues, data access, and data quality
10:45 – 11:00	Coffee break
11:00 – 11:30	The entities register, including general principles in identification (ID) management, coding, and checks
11:30 – 12:15	The Italian CCR, including reporting model and default information
12:15 – 13:15	Usage of CCR data for micro-prudential regulation
13:15 – 14:30	Lunch
14:30 – 15:30	Usage of CCR data for macro-prudential regulation
15:30 – 16:00	Usage of CCR data by financial intermediaries
16:00 – 16:10	Coffee break
16:10 – 16:30	Other use of CCR data in a national central bank
16:30 – 16:50	The European context, including granular credit and credit risk data
16:50 – 17:00	Closing remarks
17:00	Transfers from CDM to Rome hotel

DAY 3	Tuesday 15 June, 2017- Rome
	<ol style="list-style-type: none"> 1. Visit to ABC CRSP Italy 2. Visit to the Italian Data Privacy Authority 3. Overnight stay at hotel in Rome
9:15 – 9:45	Taxis from Rome hotel to ABC CRSP Italy
10:00– 13:00	<p>VISIT TO ABC CRSP</p> <ul style="list-style-type: none"> • Presentations by the managers of ABC CRSP on the role, activity, operations, and management of the Italian credit reporting service provider (CRSP) • Credit market overview, users, and data providers • The credit reporting legal framework in Italy • The recent amendments to the European directive on data privacy, including challenges and impact on private CRSPs and borrowers • Database contents, data contributed, and data acquired (public data) • Credit reports and value-added services offered to users • Role of the central bank and role of the CRSP • Complementarity and differences between the private credit bureau (PCB) and the public credit registry (PCR), including data, clients, services, and utilization • Role and interaction with the privacy data authority • Supervision of CRSPs in Italy, including description of principal activities, on-site audits, and impact on the PCB • ABC CRSP's experience in developing markets, including challenges and tips for regulators on how to support credit reporting development • Non-traditional data, big data, and financial technology world status • Question and answer session
13:00 – 14:00	Lunch
14:00 – 14:30	Transfer from ABC CRSP Italy to Italian Data Privacy Authority
14:30 – 17:30	<p>VISIT TO THE ITALIAN DATA PRIVACY AUTHORITY (GARANTE)</p> <ul style="list-style-type: none"> • The executives of the Italian Data Privacy Authority will illustrate how data privacy protection is generally regulated and conducted in Italy, highlighting its application to credit information's sharing • The Garante's role and duties • The impact of the EU Privacy Directive 95-46 • The recent changes to the Directive 95-46 and the impact on credit reporting • The Italian Code of Conduct • How the supervision of CRSPs is conducted in Italy • Privacy protection and individuals' rights • Off-site and on-site audit procedures and processes • Violations and sanctions • Non-traditional data, big data, and financial technology world status
17:30	Transfer from Italian Data Privacy Authority to Rome hotel

19:30 (TBC)	Group Dinner RESTAURANT , Rome
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DAY 4	Tuesday 15 June, 2017- Rome
	<ol style="list-style-type: none"> 1. Free morning in Rome 2. Individual check-out from hotel in Rome 3. Delegation transfer to airport and flight to Frankfurt, Germany 4. Check-in at hotel in Frankfurt
12:00	Transfers from Rome hotel to FCO Airport
15:35	Flight FLIGHT NUMBER Alitalia (FCO to FRA)
17:45	Arrival at Frankfurt airport
18:00	Transfer to hotel in Frankfurt

DAY 5	Thursday 16 November, 2017 - Frankfurt
	<ol style="list-style-type: none"> 1. Visit to the training center of Deutsche Bundesbank 2. Overnight stay at hotel in Frankfurt
8:15 - 08:45	Transfers from Frankfurt hotel to Bundesbank
08:45 – 09:00	Registration and security checks
09:00 – 09:30	Opening remarks, including overview on Bundesbank’s credit reporting and an introduction to the CCR
09:30 – 10:30	Bundesbank’s CCR <ul style="list-style-type: none"> • Overview and legal framework • Structure, sources, and quality • Reporting model, features, management, and checks • Data usage (in general)
10:30 – 10:45	Coffee break
10:45 – 13:00	Bundesbank’s CCR (continuation)
13:00 – 14:00	Lunch
14:00 – 15:30	Demonstration of BAKIS-M database, European cross-border information exchange, challenges, and future developments in the European context
15:30 – 15:45	Coffee break
15:45 – 16:45	Introduction to Schufa, the Private German CRSP
16:45 – 17:00	Closing remarks
18:00	Transfers from Bundesbank to Frankfurt hotel

Friday 17 November, 2017			
	1. Individual check-out from hotel in Frankfurt 2. Individual flights back home		
Participants List and Contact Information			
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	Mr. World Bank Group	livem@ifc.org +1 202	Egypt
13	Mr. World Bank Group	todaytwo@ifc.org +1 202	Italy
14	Ms. World Bank Group	thirdway@ifc.org +380	Nigeria

ANNEX E: CREDIT INFORMATION COURSES OFFERED BY A CRSP

ABC BUREAU ACADEMY

ABC Academy, part of ABC Group, was introduced to promote education and training in the area of credit bureaus, credit risk management and financial literacy.

ABC Academy is a skills development and training provider that delivers generic and customized training services.

The focus at ABC Academy is to provide training for clients wanting to develop their skills to improve operational efficiency and overall business performance; as well as train consumers and assist public sector in their quest for financial inclusion.

ABC Academy Seminars & Training will:

- Broaden your knowledge about various areas related to credit risk management and improvement of business processes
- Increase efficiency and productivity of your company
- Introduce new skills and innovative solutions to your staff
- Keep you up to date with the latest industry trends and development

We at ABC Academy are committed to:

- Assisting our partners and clients at every step of the journey towards excellence
- Sharing best practices in credit risk management
- Enabling skills development in the financial and non-financial sectors
- Increasing efficiencies of your business through innovative and automated solutions
- Facilitation of responsible lending
- Improving access to finance across the regions and various sectors of economies
- Financial Inclusion

ABC Academy offers variety of Products and Services

- Seminars & Workshops
 - Credit Risk Management Seminars
 - Improving your credit risk management through credit bureau solutions
 - In depth Credit Scoring
 - Debt Management Practices
 - BASEL II & III
 - SME Lending
 - Fraud Risk Management Seminars
 - Fraud Risk Management Fraud
 - Prevention
 - Bribery & Corruption
 - Automation & Business Process Improvement
 - Data Quality

Seminars we offer are usually 2-day, interactive workshops with lots of practical exercises and presentations from the top experts in the field. We are continuously developing new seminars and content.

- Training Tailored & Customized to clients' needs
 - We are here to assist our clients and partners and listen to your needs. We are offering customized training which will address the individual companies' challenges. Those trainings can be a mix of any of the subjects mentioned under seminars or cover specific area identified during needs analysis.

- Customized Programs for MFIs
- Partnership Programs for Financial Inclusion
- Breakfast Workshops – designed for specific sectors and with various speakers

If you are interested in attending any of the seminars or you may need assistance with identifying your training needs and addressing them through customized training for your organization please contact ABC Academy directly at: info@abcacademy.com or ABC local offices as per contacts below.

Contact Information

ABC Academy
Academy Towers, Fifth Floor
Academy Road
Parktown,

Tel: xxxxx
Email: info@abcacademy.com

ANNEX F: CREDIT INFORMATION COURSES OFFERED BY A CRSP

The Skills Training Academy serves as a platform to provide expert insights into the fundamentals of credit risk management within the context of today's lending environment for many emerging markets.

Our expert trainers work with you to establish strong risk management frameworks to enable the effective use of Credit risk solutions that ultimately ensure efficient and profitable lending decisions.

We offer either **basic** or **advanced** Credit Scoring training. Our programs are designed help you understand the basics to how scorecards are built and best used in your business environment.

Basic Credit Scoring Training (1.5-day course)

- Overview of Credit Reference Bureaus, legislation, mandate, data sources, target market etc.
- Overview of scoring and the credit lifecycle
- Basic principles of Credit Scoring
- Why / when to use Credit scoring
- The benefits and limitations of scorecards
- Where can scoring be used?
- Scoring and the Credit Lifecycle
- Data sources used within scorecards
- The output of scorecards
- Brief Introduction to types of scorecards

The Basic Module cost is \$xxx exclusive of VAT

The cost includes:

- Training material
- Venue – Meals in the day i.e. lunch and breaks

Advanced Credit Scoring Training (5 day course)

- Module 1: The application of scorecards across the Credit lifecycle
- Module 2: The scorecard development process
- Module 3: Scorecard and Portfolio monitoring

The Advanced Module cost is \$xxxx exclusive of VAT

The cost includes the following:

- Training material
- Venue – Meals for the day i.e. lunch and breaks

In-house Training

The overall objective behind this program is to provide business stakeholders with the knowledge and skills required to better manage the internal policies, practices and procedures necessary to implement and utilize an effective Credit Risk management solution.

Our scoring experts will work with you to ensure that the context of Credit Scoring is relevant within your own specific business environment.

Enquire about our customized in-house training today via the contact us page at www.skillstraining.com.

At the core, the aim of both the basic and advanced program is to:

- Enhance your understanding of scoring, its benefits and uses for the business across the Credit lifecycle;
- Create an understanding of how scorecards apply in various industries;
- Describe the importance and techniques of scorecard monitoring.

The programs are highly interactive and involve the following:

- Classroom-based learning
- Facilitated discussions
- Individual and group activities
- Certificate of attendance

Who should engage with this content?

- Heads of Credit
- Heads of Risk
- Heads of Strategy
- Heads of Business (e.g. Head of Retail, Head of Business/SME)
- Credit Managers (both in branch/customer facing and back office)
- Credit Appraisers
- Credit Analysts
- Product Managers and Developers
- Underwriters
- Risk Managers and Data Analysts
- Debt Collection department
- Internal and external Auditors

ANNEX G: INTRODUCTORY CREDIT INFORMATION COURSE

TARGET TRAINEES	LOAN OFFICERS AND JUNIOR CREDIT ANALYSTS
DURATION	Two Days
CONTENT	<ul style="list-style-type: none"> • Basic understanding of credit reporting concepts, including positive and negative data • Overview of credit reporting regulatory framework – what are the responsibilities of credit providers and credit reporting service providers (CRSPs)? • Practical illustration – if a CRSP already exists, each participant should obtain and thoroughly review their own free credit report to increase understanding • Review highlighting structure and content, comparing credit reports from each CRSP operating within a country • Exercises and role plays to test participants’ understanding of credit information – for example, should we lend to this borrower or not? • Affordability assessments constructed from credit information plus all other available information, including payslips and bank statements • High-level overview of bureau scores • Why do credit providers evaluate credit applications? • How do credit providers evaluate credit applications? • How do you respond to clients who have been denied credit?
ENTRY REQUIREMENTS	<ul style="list-style-type: none"> • None

ANNEX H: INTRODUCTORY CREDIT INFORMATION COURSE

TARGET TRAINEES	LENDING SUPERVISORS AND CREDIT RISK MANAGERS
DURATION	Two Days
CONTENT	<ul style="list-style-type: none"> • Testing data richness and depth based on credit reports across multiple bureaus • Consumer credit versus commercial credit reporting – how do we assess the two? • Exercises and role plays to test participants' understanding of credit information – for example, should we lend to this borrower or not? • How do scoring systems work? • How is a scoring system used? • Overview of credit life cycle risk management • Types of scorecards and their application across the credit life cycle: <ul style="list-style-type: none"> • Application scoring • Behavioral scoring • Collection scoring
ENTRY REQUIREMENTS	<ul style="list-style-type: none"> • Preferably, an entry-level credit information course would have been completed

ANNEX I: ADVANCED CREDIT INFORMATION COURSE

TARGET TRAINEES	DATA ANALYSTS WORKING ON DECISION-MAKING MODELS WITHIN CREDIT PROVIDERS
DURATION	Two Days
CONTENT	<ul style="list-style-type: none">• Understanding scoring• Building scorecards• Concepts of scoring• Terminology used in scoring• Sampling issues and database construction development methodology• Scorecard strategy settings, including cut-off and limit setting• Implementation considerations• Scorecard monitoring
ENTRY REQUIREMENTS	<ul style="list-style-type: none">• Tertiary education, experience in data analytics, or an interest in building decision models• Proficiency in Excel and other data software packages

ANNEX J: SUPERVISORY AUTHORITY CREDIT INFORMATION DAY

[SUPERVISORY AUTHORITY]

CREDIT INFORMATION DAY PROPOSED AGENDA

Overall Objectives:

- To provide a progress report on credit information sharing in XXXX [country]
- To clarify issues around the submission of statistical and compliance returns
- To raise awareness among all credit information providers of the benefits of credit information sharing
- To engage with regulators, data suppliers, and technical service providers on credit information issues

9:00 – 9:15	Welcoming Remarks Regulatory authority	Speaker: Governor / Deputy Governor
9:15 – 9:45	Regulatory Overview With respect to regulations: <ul style="list-style-type: none">• Responsibilities of data suppliers• Responsibilities of credit reporting service providers (CRSPs)• Consumer protection, including inaccurate data queries, time taken to resolve queries, and procedures to lodge a dispute• Rights of regulator to license, supervise, and penalize	Speaker: Regulatory Authority

9:45 – 11:00	<p>State of Credit Information Sharing: Progress and Challenges</p> <ul style="list-style-type: none"> • State of credit information sharing in <small>COUNTRY</small>, including headline results • Compliance progress report of top fifty / 95 percent of data volumes, including banks, retailers, microlenders, and other data suppliers • Trend analysis of data submission record numbers over the past 12 months • Trend analysis of the number of inquiries done by various data supplier categories over the past 12 months • Data rejection trends, striving for zero percent rejection • Trends in lending portfolios, arrears, and write-offs, and a look at what data supplier compliance returns are telling us • Average time data suppliers take to submit monthly data to CRSPs • Standardized data template finalization and implications • Bureaus and regulator monthly meetings on operational issues • Dispute resolution: <ul style="list-style-type: none"> (1) How consumers can lodge queries with bureaus if they perceive their data are incorrect, including practical examples (2) The number of disputes lodged and resolved over the last 12 months and what this tell us • Free credit reports and a look at if consumers are fulfilling their right to review at least once a year • Challenges: <ul style="list-style-type: none"> (1) Understanding the underlying causes of the wide discrepancy in the number of records submitted by data suppliers to all three CRSPs (2) Update on the to-be-formed Data Operations Committee (DOC), comprising selected personnel of licensed bureaus and data suppliers (3) Progress report on the integration of bank and non-bank data 	Speaker: Regulatory Authority
11:00 – 11:30	Tea Break	
11:30 - 12:00	<p>Feedback from Licensed Bureaus on Operational Issues</p> <ul style="list-style-type: none"> • Bureau 1 • Bureau 2 • Bureau 3 	Speakers: All Three Participating CRSPs
12:00 – 1:00	<p>Question and Answer Session</p> <ul style="list-style-type: none"> • Panel discussion featuring regulatory authority and one CRSP staff member from each organization responding to questions from the floor 	Moderator: TBC
1:00 – 2:00	Lunch and Exhibition of Technical Service Providers	

2:00 – 2:45	<p>Compliance and Statistical Returns</p> <ul style="list-style-type: none"> • Feedback on common issues: <ul style="list-style-type: none"> • Incomplete returns • Accuracy • Timely submission • Forthcoming session with data supplier auditors on their verification of annual compliance returns • Question and answer session 	Speaker: Regulatory Authority
2:45 – 3:30	<p>How to Effectively Use Credit Information</p> <ul style="list-style-type: none"> • Expert presentation on credit information's benefits for improving portfolio performance 	Speaker: Credit Reporting Expert
3:30 – 3:55	Open Discussion	Facilitator: TBC
3:55 – 4:00	Close	Speaker: TBC

MODULE 05

Credit Infrastructure Global Solutions Group

FINANCIAL EDUCATION AND PUBLIC AWARENESS

2018



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Confederation

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Glossary

CRSP	Credit Reporting Service Provider
FSD	Financial Sector Deepening
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MSME	Micro, Small, and Medium Enterprises
NGO	Non-governmental Organization
TOR	Terms of Reference

MODULE 05

1. THE NEED FOR FINANCIAL EDUCATION AND AWARENESS

1.1 INTRODUCTION

Credit reporting is often either unknown or perceived very negatively. Because of this, it is key – as part of any credit reporting project – not only to raise awareness about this product, but to educate consumers on how they can use it as a resource for improving their financial well-being. A comprehensive and sustainable financial education and consumer awareness campaign can make a significant difference in credit reporting's impact in each country, leading to improved financial behaviors and access to credit for those who need it the most.

With this in mind, this module provides an overview of how to design and implement a communications campaign to improve financial education and awareness of credit reporting. This module assumes a standalone communications campaign focused on credit reporting. However, it may also be one component of a wider financial education initiative, in which case the strategy and action plan should be adapted accordingly.

1.2 WHO SHOULD USE THIS MODULE?

World Bank Group technical staff, partners, and other public and private stakeholders who have been requested to assist with the establishment of financial education initiatives can benefit from this module. It outlines the process for providing technical assistance (or advisory services) to clients who wish to implement a public awareness campaign and provides the basic tools needed to develop a financial education strategy. The tools covered in this module include: creating a working group, procuring services, assisting the contracted communications consultant or agency with implementation, and ensuring campaign sustainability.

1.3 UNDERSTANDING FINANCIAL EDUCATION AND PUBLIC AWARENESS

Financial education and public awareness aims to improve public understanding of financial products, concepts, and risks. It can take many forms, and encompasses information, instruction, and advice. Its overarching aim is financial literacy, which is the culmination of successful financial education initiatives. Someone who is financially literate has the financial awareness, knowledge, and skills required to make sound financial decisions in the short and long term. Financial literacy enables people to make informed choices and take effective actions to improve personal financial well-being. (Source: Organisation for Economic Co-operation and Development 2015).

1.4 BACKGROUND

Financial literacy – which is underpinned by financial education and public awareness – has been increasingly recognized as an important complement to market conduct and prudential regulation. The greater complexity and rapid evolution of the financial landscape, the rising number of active consumers and investors globally, and the limited ability of regulation alone to efficiently protect consumers are among the factors contributing to increased efforts around financial education and public awareness. Additionally, public-focused education efforts have the potential to limit the consequences of financial crises. For example, low levels of financial literacy among mortgage borrowers played a key role in the 2008 financial crisis, causing long-term impacts for financial markets worldwide. (Source: Organisation for Economic Co-operation and Development 2015)

With implications for both short and long-term financial products and systems, financial education and public awareness should be a fundamental component of any credit reporting project. As the amount of attention and resources spent on financial education and public awareness has increased, so has the importance of ensuring the efficiency, relevance, and long-term impacts of these programs. Well-coordinated, targeted objectives, outcomes, and strategies – as outlined in this module – help establish awareness and support, which is critical for the successful execution of a credit reporting project.

MODULE 05

2. DEVELOPING A FINANCIAL EDUCATION STRATEGY

2.1 KEY CONSIDERATIONS

Below is an overview of the overarching factors to consider while developing a public awareness campaign. These factors should guide the strategy from development, through implementation, through monitoring and evaluation (M&E):

- **Sustainability:** For any financial education or awareness initiative to be effective, it must be designed to be sustainable. To ensure a sustainable campaign, all key stakeholders must be actively involved and invested in the campaign, and must be adequately prepared to take it over once the project has ended. One suggested way to ensure stakeholder engagement is through a working group, which would lead the campaign during its implementation, speak on behalf of credit reporting in the country, and ensure the continuation of activities beyond the end of the project. (see Module Five, 'Organize a Working Group')
- **Clear Objectives Linked to Outcomes:** Objectives and outcomes must be clearly defined in the strategy. These should be aligned with the country's priorities and with the country's national financial inclusion or national financial education strategy, if applicable.
- **Research:** Prior to drafting the strategy, you should conduct preliminary research to identify a) any past, present, or planned initiatives that may be leveraged or included in the strategy, and b) baseline information to define the target audiences, key messages, and key performance indicators (KPIs).

2.2 SUCCESS FACTORS

The successful implementation of a financial education and public awareness strategy usually rests on the following key factors. These factors should be considered during project development and continually monitored throughout the financial education and public awareness campaign:

- **Stakeholder Engagement:** For a successful and sustainable campaign, it is critical that the stakeholders are engaged at each step of implementation. This includes regular meetings and communication (via e-mail or WhatsApp), asking for stakeholder input and clearance on the strategy and action plan as well as seeking input and clearance for all produced materials. The aim is to consistently reinforce the message that the stakeholders are the 'owners' of the campaign.
- **Sufficient Capacity:** The project leader should ensure that sufficient financial and human resources are available to implement the financial education and public awareness campaign before beginning implementation.
- **Budget Creativity:** Communications agencies tend to incorporate a lot of television and radio airtime into their proposals. These can become prohibitively expensive, especially television. Project leaders should think of ways to maximize budgets, encouraging the firms to think of creative solutions to leverage limited budgets – for example, pitching and engaging with the media as much as possible to take advantage of free airtime.

2.3 STRATEGY DEVELOPMENT

With the key considerations and campaign success factors in mind, the strategy – a critical document that informs the communications campaign – should be created. The strategy’s goal is to establish clear objectives in order to reach the desired education and awareness outcomes by a certain date. This section provides an overview of the key elements that should be included in a financial education and public awareness strategy, with examples for each section.

<p>1. OBJECTIVES</p>	<p>1.1 The strategy should have well-defined objectives. The objective section should provide some background information and rationale on why a financial education and public awareness campaign is required. The objective should be high-level and should be in line with existing national financial inclusion or national financial education strategies, if applicable. A campaign specifically on credit reporting and credit information systems needs to increase the level of awareness of credit reporting, but must also focus on promoting responsible financial behavior – including responsible borrowing and lending.</p> <p>Example: The purpose of this financial education and public awareness campaign is to improve the financial capabilities of individuals so they can make appropriate financial decisions, and be better prepared to set and meet financial goals, choose their financial services providers and products, manage their debt, and ultimately increase their financial well-being.</p>
<p>2. EXPECTED OUTCOMES</p>	<p>2.1 The strategy should list clearly defined expected campaign outcomes. These outcomes should be linked to the objectives, which are defined at the beginning of the strategy.</p> <p>Example: A successful financial education and public awareness campaign on credit reporting should lead to, at a minimum:</p> <ul style="list-style-type: none"> • Increased awareness among consumers of the credit reporting system • Increased awareness among consumers of the type of information reported to the credit bureau • Increased awareness among consumers of the consequences of a negative credit listing

<p>3. TARGET AUDIENCES</p>	<p>3.1 Defining the target audience is a key element of the campaign. The target audiences should be listed within the strategy, and should be aligned with the country's national financial inclusion strategy or national financial education strategy, if applicable.</p> <p>Example: The target audiences for the campaign follow those as defined in the 20[–] National Financial Education Strategy, which provides a framework for the coordination and implementation of financial education activities in the country. The target population segments for this campaign are:</p> <ul style="list-style-type: none"> • Children • Youth • Active adults – rural • Active adults – urban • Gender (cross-cutting) • Salary earners • Smallholder farmers • Staff of financial services providers • Teachers
<p>4. APPROACH</p>	<p>4.1 This section should define the desired approach to implementing the campaign, including defining the parameters (budget, length of campaign, themes), activities, and sustainability plan.</p> <p>Example: We propose a [-] year communications campaign to raise awareness about the following themes:</p> <ul style="list-style-type: none"> • Credit information systems • Credit bureaus • Credit reports • Choosing financial products and services • Responsible borrowing • Responsible lending • On-time repayment <p>A communications agency will be hired to design and execute a sustainable financial education and awareness campaign for a period of [-] months. They will be expected to lead the development of and document, in writing, an action plan with a budget not exceeding \$ [-] United States dollars, for a sustainable communications campaign to deliver the outcomes defined in this strategy. To ensure sustainability beyond the [-] year timeline, the communications agency will form and guide a stakeholder working group.</p>

5. MONITORING, EVALUATION, AND REPORTING

5.1 The strategy should include a detailed M&E process. The M&E tools outlined in the strategy should:

- Measure the campaign's scope, output, reach, and to monitor information about the program's structure, target audience, and geographic locations.
- Evaluate the specific impact of the campaign for each theme in order to quickly understand what is effective and what is not, and to be able to readjust the campaign accordingly.
- Monitor the implementation and measure outcomes and impact in terms of the public value created by the program as well as the private value created by the program.

These indicators should be included in the action plan. KPIs should be aligned to the M&E strategy in existing national financial inclusion strategies or national financial education strategies, if applicable.

Example:

Outputs:

- Number of events or workshops
- Number of radio spots aired
- Number of mentions of credit bureau in the media
- Number of interviews given by working group members

Outcomes:

- Increase in borrower self-queries at credit bureau
- Increase in number of claims made to the credit bureau
- Increase in on-time repayment of loans

MODULE 05

3. STRATEGY IMPLEMENTATION

INTRODUCTION

Once the strategy is developed, the financial education and public awareness campaign on credit reporting should follow the steps and timeline outlined in this section.

3.1 PHASE ONE: PROCUREMENT AND RESEARCH (THREE TO SIX MONTHS)

3.1.1 Procurement and Contracting the Communications Firm

While it is possible for smaller-scale initiatives to be implemented by individual communications departments belonging to the funding agency or client, larger initiatives will usually require the project team to contract a specialized communications agency. The communications agency will be responsible for key campaign tasks, including: drafting the campaign strategy, conducting baseline research, organizing workshops and events, and purchasing airtime. The project leader should plan sufficient time for this process, as delays often occur in procurement.

Key questions to consider as you begin the procurement and contracting process:

- What is the budget?
- What is the scope and length of campaign?
- Who is leading the procurement?
- What tasks can be done internally, rather than by the agency?
- What capacity does the team have to supervise the agency?
- What other related initiatives, past, present, or planned, can be leveraged during this campaign?

See Annex B for a sample Terms of Reference (TOR) contract for hiring a communications agency for a financial education and awareness campaign on credit reporting.

3.1.2 Preliminary Research

To be successful, the communications campaign must be informed by relevant research. This research will determine the key financial education and awareness concerns of the target audience regarding credit and credit reporting, the messages that should be developed, and the most appropriate channels for those messages.

The project leader should always monitor the quality of the data gathered during the research phase. It is preferable that the research be outsourced to an established research firm, but the project leader may still want to review any questionnaires and subsequent data to ensure that they meet the organization's standards and follow the desired objectives.

Once on board, the communications firm will be required to conduct two types of research:

1. Desk review of existing financial education initiatives, best practice, and relevant market research (including studies or surveys conducted by the Bank Group, its partners, and its clients). In some cases, the desk review will be sufficient to inform the campaign. For example, if a financial capability study was recently conducted.
2. The communications firm may be required to complement existing research by using alternative data-gathering methods, including focus groups, baseline surveys, household surveys, and interviews with key stakeholders, among other methods.

Ideally, the available budget would allow for a baseline survey before the campaign and an impact assessment survey at the conclusion of the campaign. Other options for complementary research include:

- Focus Groups: focus group discussions should be held for each target audience to define their baseline level of awareness, key concerns, and to test certain messages.
- Stakeholder Interviews: the agency should conduct in-depth interviews with financial institution employees and credit bureau representatives, to understand the specific issues that need to be addressed in order to increase awareness.

Key questions to consider during the research process:

- Is there an existing financial inclusion strategy?
- Is there an existing financial education strategy?
- Is there an existing financial capability survey?
- Do I have the budget to conduct my own desk research, focus group, or survey?

3.2 PHASE TWO: PREPARATION AND PRODUCTION (ONE TO TWO MONTHS)

3.2.1 Organize a Working Group

A working group composed of high-level stakeholder representatives should be formed to oversee the project. The project leader should endeavor as much as possible to leverage existing working groups in the financial inclusion space. The role of establishing a working group is two-fold: to inform the communications strategy from an expert perspective, and to take over and lead the financial education and public awareness campaign after the end of the initial intervention.

The working group should be composed of representatives from the following industries, as applicable:

- Central bank
- World Bank Group
- Bankers associations
- Financial institutions
- Monetary financial institutions
- Insurance companies
- Credit bureaus

- Pension funds
- Non-governmental Organizations (NGOs) or other organizations in the financial inclusion space, for example, Financial Sector Deepening (FSD)

The communications agency is expected to consult with the working group prior to designing the communications strategy for the education and awareness campaign, and to train the working group members in the communications aspects of the campaign so that when the assignment is completed each member will be equipped to be spokesperson for continued financial education and public awareness work.

In addition to training the working group on media relations and communications, members also need to become very familiar with all aspects of credit reporting so they are comfortable speaking on the topic and can act as champions of credit reporting within their own organizations.

Please refer to Annex C for a sample TOR contract for the working group.

3.2.2 Draft and Approve Action Plan

The communications firm should draft a detailed action plan, based on the preliminary research and initial workshops with the working group. The action plan will be closely followed throughout the course of the campaign and should include the following elements at minimum:

- Activity
- Topic
- Target audience
- Theme or objective
- Key messages
- Channel/output and frequency
- Timeline
- KPIs
- Key contact
- Budget and source of funding

3.2.3 Production of Campaign Collateral

Once the research has been conducted to define the campaign's key messages and identify the most efficient outlets to deliver these messages, production can begin. Production should be the responsibility of the communications firm, and encompasses all collateral including any advertisements or spots, videos, scripts, design, printed flyers, posters, and comic books, among other materials.

The materials should be reviewed and cleared by the working group before production. When designing the TOR for the communications firm, make sure to specify the length of time needed for review.

To leverage the cost of the campaign, the communications firm should engage with the working group and identify members that can contribute towards these costs. For example, if the firm designs posters with the intention of hanging them in bank branches, the working group members may be able to directly engage the target banks, exploring if the banks can use their own communications budgets to print and display the posters. Ultimately, engaging the working group has the potential to lower campaign costs.

3.2.4 Purchase of Airtime

This step should also be the responsibility of the communications firm. Usually, radio is the most cost-effective platform (instead of television) and has a very wide reach.

The communications firm should purchase airtime in each region where they hope to achieve impact, and should make sure that the materials produced are in the right language for those target regions. They should also engage with the working group members to assess whether there are opportunities for discounts on certain channels. For example, the central bank may be able to obtain discounted airtime on state-sponsored programs.

3.2.5 Media Training for Working Group Members

To leverage the campaign and to help ensure sustainability, each working group member should receive media training, which will help them become comfortable speaking to the media while helping them internalize the key messages of the campaign.

Media training includes sharing key talking points, conducting on and off-camera mock interviews, and educating working group members on why it is important to engage with the media, what makes a good story, what is newsworthy, and how to best answer questions from journalists.

Media can be a powerful tool for any campaign; journalists and reporters should understand the key messages, and understand the value of this topic for their readers, viewers, and listeners. Working group members will be strongly encouraged to participate in talk shows, interviews, and newspaper articles as spokespeople.

3.2.6 Workshops for Media on Credit Reporting

Just as working group members should be trained to speak with journalists, journalists need to understand what credit reporting is, how it works, and why it is important for their audiences. Training the media will help create momentum for the campaign, ensure the media understand the key messages of the campaign, and prevent any misrepresentations or factual inaccuracies that might negatively impact the campaign objectives.

By helping them understand how this topic is newsworthy, the campaign can use the media as a tool and resource for free messaging.

The communications firm should schedule workshops for journalists from different media houses and outlets – including a mix of television, radio, newspapers, and online publications. Ideally, they would organize several workshops in various areas to accommodate local outlets from different regions. The workshops should:

- Introduce journalists to the financial education and awareness campaign, including its objectives
- Educate the journalists on different aspects of the credit reporting system, so they become familiar with the various terms and concepts
- Give the journalists an opportunity to check their own credit report
- Give the journalists insight into why credit reporting is newsworthy and relevant to their audiences
- Help build relationships between the communications firm and media houses, and facilitate communication between both sides

3.3 PHASE THREE: CAMPAIGN ROLLOUT (DURATION OF CAMPAIGN ACCORDING TO STRATEGY)

Once the campaign materials have been produced, and the airtime purchased, the campaign rollout can begin. If budget allows, the communications firm can also plan for a launch event, which will increase the campaign's visibility.

3.3.1 Launch Event

The purpose of a launch event is to create momentum and increase visibility for the campaign. Therefore, it is important to invite media and journalists to attend. In addition to being a chance for journalists to learn about the campaign, the launch event may be a good opportunity for members of the working group to give interviews.

The launch event should be planned in the most interactive way possible. Some options can include:

- Panel discussion or debate on credit reporting as a tool to access finance
- A booth or booths for people to instantly check their credit report and learn more about credit reporting
- Press conference
- Printed materials (posters, flyers) with information on credit reporting
- Live theatre performance with a storyline focused on credit

All members of the working group should be invited and be encouraged to attend, as well as any donor partners and other organizations that work on financial inclusion. Think about including owners and employees of micro, small, and medium enterprises (MSME), and members of relevant organizations (for example, students with student loans, or financial institution staff) as well.

3.3.2 Media Engagement with Spokespeople

Following the media training for working group members and the workshops on credit reporting for journalists, newspaper articles, radio and television interviews as well as other media clips should accompany the roll out of the financial education and awareness campaign. This will reinforce the messages from the campaign and help achieve greater impact.

The project leader should request that the communications firm record and save all media clips to provide evidence for an end-of-project evaluation.

3.3.3 Regular Monitoring of Key Performance Indicators

Any financial education and consumer awareness campaign needs to be closely monitored to assess results, as well as to make corrections if certain aspects of the initiative are not having the intended effect. KPIs should include output and outcome indicators that are pre-defined in the strategy and approved by the working group. They should be monitored regularly to allow for adjustments in the campaign rollout. An end of campaign evaluation should be done to determine the overall effectiveness of the campaign.

Outcome KPIs should also be tracked periodically after the end of the campaign to measure the long-term effect and behavior change. Examples of KPIs are included in the sample strategy in Annex A.

3.4 PHASE FOUR: SUSTAINABILITY AND FOLLOW-UP (TIMELINE TBD)

Once the campaign is over, the sustainability action plan should come into effect. The communications firm should also deliver a final M&E report and make sure to share all products, materials, reports, and collateral developed during the campaign with the project leader.

3.4.1 Development of a Sustainability Action Plan

To ensure that the financial education and consumer awareness initiative can continue beyond the term of the project, the communications firm should also draft a sustainability action plan for the working group. Over the course of the campaign, the communications firm will be expected to train the working group members and develop their skills. The sustainability action plan will complement these new skills by giving working group members the tools they need to continue as credit reporting champions and spokespeople within their organizations and in public. The sustainability action plan should:

- Suggest a schedule of working group meetings for the next few years, including venues and topics
- Identify working group members that can contribute financially to extend the campaign
- Identify new potential partners, whether private sector organizations, donors, or NGOs
- Provide the working group members with materials they can continue using – for example, electronic copies of flyers and posters, audio files of radio spots, and talking points for interviews with journalists

3.4.2 Final Report

The communications firm should develop a final report assessing the outcomes and impact of the campaign, including lessons learned. If a baseline survey was conducted, they should implement the follow-up impact survey at this time.

ANNEX A: CAMPAIGN STRATEGY TEMPLATE SUMMARY TABLE

	THEME	TARGET AUDIENCE	TOPIC	KEY MESSAGES (INDICATIVE ONLY)	CHANNEL (INDICATIVE ONLY)	OUTPUT/ COLLATERAL (INDICATIVE ONLY)	KPI (INDICATIVE ONLY)
A1	Credit Reporting	Children	Savings Responsible financial behavior	Saving today means you have more for tomorrow It's always a good idea to save some of your allowance Save monthly to prepare for the future	Primary schools Teachers Savings clubs Family and friends TV	Training booklets for teachers TV specials	# of training booklets produced # of TV specials aired
A2	Credit Reporting	Youth (15 to 35)	Credit information Responsible financial behavior Loan repayment behavior Savings Bank products & services Formal credit Interest rates	A healthy credit report can help you get a loan Save monthly to prepare for unforeseen expenses Make sure you repay your loan on time to avoid a bad credit report A good credit report can mean a lower interest rate	Youth cooperatives, associations, and savings groups Secondary Schools Technical and Vocational Education and training programs Universities Radio TV Banks (especially credit officers) Mobile phones <i>These are suggested channels – specific ones will be defined by communications consultants based on research</i>	Leaflets Brochures Radio spots Radio Drama SMS campaign <i>These are suggested outputs only – specific ones will be defined by communications consultants based on research and the selected channels</i>	# of mentions of product in media # of interviews with spokespeople Increase of X percent of inquiries made to credit bureau, one year after campaign Increase in number of claims made to credit bureaus by X number

A3	Credit Reporting	Active Adults (36 to 65) – Urban	Credit information	A healthy credit report can help you get a loan	Radio	Leaflets	# of mentions of product in media
			Responsible financial behavior		TV	Brochures	
			Loan repayment behavior	Save monthly to prepare for unforeseen expenses	Family and friends	Radio spots	# of interviews with spokespeople
			Savings		Savings group	Radio Drama	
			Bank products & services	Make sure you repay your loan on time to avoid a bad credit report	Bank or financial professional	<i>These are suggested outputs only – specific ones will be defined by communications consultants based on research and the selected channels</i>	Increase of X percent of inquiries made to credit bureau, one year after campaign
			Formal credit		Government-led local meetings		
			Borrowing to grow a business	Ask your bank how they can help you grow your business	<i>These are suggested channels – specific ones will be defined by communications consultants based on research</i>		Increase in number of claims made to credit bureaus by X number
			Debt management				
			Interest rates				
			A4	Credit Reporting	Active Adults (36 to 65) – Rural	Credit information	A healthy credit report can help you get a loan	Trainings and meetings	Leaflets	# of interviews with spokespeople
Responsible financial behavior		Radio				Brochures	
Loan repayment behavior	Save monthly to prepare for unforeseen expenses	Mobile devices				Radio spots	Increase of X percent of inquiries made to credit bureau, one year after campaign
Savings		Churches and faith-based groups				Radio Drama	
Bank products & services	Make sure you repay your loan on time to avoid a bad credit report	Road shows				Training materials (toolkit, for example)	Increase in number of claims made to credit bureaus by X number
Formal credit		<i>These are suggested channels – specific ones will be defined by communications consultants based on research</i>				Banners, signage, script for roadshows	
Borrowing to grow a business	Ask your bank how they can help you grow your business					<i>These are suggested outputs only – specific ones will be defined by communications consultants based on research and the selected channels</i>	
Debt management	Have you seen your FREE credit report yet?						
Interest rates							
Setting financial goals							
Consumer rights & responsibilities							

ANNEX B: TERMS OF REFERENCE FOR HIRING A COMMUNICATIONS AGENCY

TERMS OF REFERENCE: COMMUNICATIONS AGENCY

A. PROJECT BACKGROUND AND OBJECTIVES

Background

- Background information on your organization and its objectives, for example:

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. It helps developing countries achieve sustainable growth by financing investment, mobilizing capital in international financial markets, and providing advice to businesses and governments.

- Background information on the specific project the communications firm will be working on, for example:

[Organization's name]'s financial infrastructure projects aim to increase access to finance and financial services for low-income individuals and micro, small and medium-sized businesses (MSMEs) to raise incomes, advance business development and promote inclusive economic growth. These projects are implemented in collaboration with [partner or client].

- Overall objectives of the campaign/reason for procurement, for example:

As parts of its efforts to assist in the strengthening of the financial infrastructure, [organization] is seeking a reputable and experienced communications agency to develop and execute a public awareness campaign to increase financial literacy, knowledge, and awareness among consumers and MSMEs on personal finance in general, and credit in particular, including credit reporting. This campaign is financed by [donor name, if applicable] and covers [country or countries].

Context

Include context on the project the communications agency will be working on, as well as more in-depth information about the financial sector of the target country, including the credit information landscape. It should include up-to-date facts and figures that will provide bidding agencies with sufficient information to develop their proposal.

Make sure to specifically describe the breadth and goals of the campaign project to the communications agency. Include as many tangible objectives as possible, for example:

Main objectives

[Organization] is seeking a reputable and experienced communications agency to design and execute a sustainable Financial Literacy and Public Awareness Campaign for a period of [-] months, covering [country or countries]. The objective of the Financial Literacy and Public Awareness Campaign is to raise awareness of the new tools available to access credit through the credit reporting system, and to promote responsible lending and borrowing while addressing some of the most common issues that consumers and MSMEs have regarding their personal and business finances.

The Working Group

- There will be a working group composed of members from public and private sectors including such stakeholders as the credit bureau, bankers' association, central bank, etc.
- The communications agency will design and hold workshops for members of the working group to consult on knowledge and expertise, and to train the working groups on basic communication skills to support the literacy and public awareness campaign and ensure its sustainability beyond the project term.
- The communications agency will provide media training to designated spokespersons of the financial infrastructure programs and relevant members of the working group.
- The communications agency will be required to lead and provide technical support to the working group, in order to ensure that the working group is equipped with the necessary skills and strategy to lead the financial literacy and public awareness campaign at the end of the project period.
- The communications agency will identify key members of the working group who can play a supportive role in the public awareness campaign and engage them to do so (e.g. banks may distribute printed information materials, telecommunication companies could send SMSs to their customers) to leverage the cost of the campaign.

Preliminary Research

- The communications agency will be required to use current market research, including research conducted by international organizations and other development agencies, to determine the key financial literacy concerns of consumers and MSMEs regarding borrowing, credit reporting, and collateral use, to be addressed in each country/region during the campaign.
- The communications agency may be required to complement existing research by using alternative data gathering methods, including focus groups. These focus groups will be comprised of different target audiences and target geographies, to be determined in consultation with the working group.
- The communications agency will conduct in-depth interviews with key informants (e.g. credit bureau staff, bank staff, central bank), identify, and take stock of existing financial education programs that are relevant to target populations and can be scaled-up.
- The communications agency will be required to assess the capabilities of the implementation partners to deliver the awareness and/or training content, including staff capacity and technological constraints.
- The communications agency will review local and international best practice on financial education best practice mechanisms.

The Financial Literacy and Public Awareness Campaign

a. Strategy and content

- Based on the detailed qualitative analysis gathered from the research above, the communications agency will design a consumer awareness campaign strategy, to run for a period of [-] months. The campaign will address the key financial concerns of consumers and MSMEs, while promoting the benefits of the Credit Information System. This strategy will be provided to [organization] and the working groups for approval. Please note that all campaign activities do not each have to run for the full [-] months, but should complement each other within the available budget.
- The communications agency will develop tailored content and messages for each target audience based on the qualitative analysis, as well as make specific recommendations for optimal financial education delivery mechanisms (i.e. radio, television, SMS, classroom training, combination of different channels, etc.)

- The design for the financial education awareness content for the campaign must be appropriate to the specific delivery format and fit well within the amount of time available for delivery. The content must reflect the local context of the audiences, including relevant and culturally appropriate examples, stories, terminology, and illustrations. The content must be developed in [language] and translated in [language] if the preliminary research indicates this would allow the campaign to have a greater impact.
- The communications agency will, wherever possible, leverage existing content developed by the [organization] for similar campaigns, and adapt it to fit the context of this campaign.
- The communications agency will integrate related ongoing initiatives by [organization] and/or its partners, into the strategy.

b. Implementation

- The communications agency will develop a detailed implementation plan for a full-scale rollout of the strategy among implementing partners. Specifically, this implementation plan should outline how the content will be delivered to target populations including detailed costing, recommended scheduling (e.g. for airing of radio segments, etc). This detailed implementation plan will be provided to [organization] and the working group for approval.
- The communications agency will prepare and/or procure all necessary services for the production and dissemination of all communications materials related to the public awareness campaign (print, audio-visual, etc.).
- The communications agency is solely responsible for designing and producing all communications tools of the public awareness campaign, including but not limited to, media outreach, talking points, preparations for interviews/media training, radio and TV production, printed materials, photography, etc. In addition, the agency must leverage, to the greatest extent possible, tools and communications materials developed by [organization] for other similar campaigns. All tools and materials, including press releases, developed by the communications agency must be cleared by an [organization] communications officer prior to production and distribution.
- The communications agency will be required to manage the budget assigned to the campaign and provide periodic reports and follow up indicators as agreed with the working group and [organization]. A detailed action plan of suggested activities should be provided to be approved by the working group and [organization].
- The communications agency will ensure consistency with [organization] communications guidelines and graphic standards.
- The communications agency will ensure consistency of messages throughout the campaign in line with [organization]'s corporate branding standards.
- The time frame assigned for the completion of a full year campaign is [-] months from the time the contract is awarded. This considers [-] months for workshops, planning, and preliminary research, and 6 months for implementation of the actual campaign. As stated above, the selected firm is expected to make best use of the available budget and schedule the rollout of the campaign accordingly. Bidding firms are encouraged to include creative solutions in their proposals that will allow the team to maximize the budget.

Guidelines for Public Awareness Campaign

- The communications strategy should make as much use as possible of media outreach as a dissemination channel, but could also make use of advertising, radio and television infomercials or similar, etc.
- The communications agency will integrate related ongoing initiatives, by [organization] and/or its partners, into the strategy.

- The communications strategy should include a results measurements/evaluation component to track effectiveness/impact of the public awareness campaign. Final indicators are to be agreed upon with [organization], but could include, for example, the # of self-queries made by consumers at the credit bureau as a result of the public awareness campaign.

B. DELIVERABLES / SPECIFIC OUTPUTS EXPECTED FROM CONSULTING FIRM

Deliverables, including but not limited to:

		OUTPUT OF TASKS	SCHEDULE (SUBJECT TO CHANGE)	DELIVERABLES
GENERAL	1.	Kickoff workshops with working group		Minutes of workshops, agreements
	2.	Conceptualization, design and implementation of the preliminary research including focus groups (or other as agreed) to be completed by [date]		All results from survey/focus groups including qualitative and quantitative responses
	3.	Preliminary strategy and plan discussed with the working group and presented to [organization] for approval.		Campaign strategy and work plan including timeline, roles & responsibilities,
	4.	Key messaging as a result of the preliminary research to be discussed and approved with [organization]		Key messages delivered to [organization] and approved
	5.	Final strategy and implementation plan (including budget)		Deliverables included in strategy and implementation plan
	6.	Media training to spokesperson/people		Report summarizing training provided
	7.	Implementation of the campaign		Quarterly reporting on outputs
REPORTING AND MEASUREMENT	1.	Regular reporting (according to the criteria described in this section) to [organization] on campaign impact	Submit monthly	Report on the agreed indicators
	2.	Bi-weekly meetings	Every 2 weeks	Minutes of the meetings

C. SPECIAL TERMS & CONDITIONS / SPECIFIC CRITERIA

Reporting

- The development of the communications strategy/public awareness campaign will be supervised by [designate staff member] and the final implementation plan will be cleared by the project manager before implementation.
- The communications agency will produce quarterly progress reports that will include campaign status, milestones, next steps, and concerns/issues that need to be addressed.
- All communications materials that reference [organization] will need to be cleared through the appropriate channels and communications offices of [organization] and the communications agency must accommodate the required time and process to do so.
- Indicators will be reviewed quarterly by the communications agency, working group and [organization] to assess impact and make adjustments to strategy if necessary.
- The communications agency is expected to meet the project objectives in terms of numbers reached, budget items and timelines. Any concerns on this should be raised in the quarterly progress reports with clear recommendations.

Delivery Schedule and Milestone Approval Process

- The contract is for [-] months from the date of award, including [-] months of preliminary research, working group workshops, and strategy design, followed by [-] months for implementation.
- Completion of the campaign including end of project report must be no later than [date].

Qualifications

- The communications agency should have a minimum of 10 years work experience in public relations, media outreach, advertising and stakeholder engagement, and a minimum of 3 years of experience in the country concerned.
- The communications agency is expected to have a network of relevant media and communications contacts, including private media outlets, in the countries concerned.
- The communications agency should have demonstrated experience in organizing public communications campaigns and events, including overseeing event logistics, content development and execution.
- The communications agency must have the capacity, in form of resources and technology (in-house or sub-contracted), to deliver the activities of the public awareness campaign within the agreed timeframe and budget.
- The communications agency must have demonstrated experience running successful market research (surveys and focus groups) in house or through a reputable survey firm.
- Previous experience working on financial literacy campaigns, or similar public awareness campaigns with the financial sector, international NGOs, or civil society, is very helpful.

D. REQUEST FOR PROPOSAL

Interested communications agencies should submit a formal proposal including the following:

- A technical proposal on the terms of reference outlining the proposed approach and a draft conceptual communications strategy for the financial literacy and public awareness campaign, clearly outlining all the expected components of such a campaign and motivation as to why each measure is expected to be successful.
- Demonstrated relevant experience and track record of the firm and each team member assigned to the project, including daily rates for each team member. Please include a portfolio of previous work.
- Demonstrated relevant experience and track record of any proposed suppliers such as printers, video production companies, photographers, survey firms, etc. if relevant.
- An itemized proposed budget based on the draft conceptual communications strategy clearly outlining what each component of the campaign is expected to cost, including staff time, air time, and advertising if applicable.
- References including contact details from at least three previous clients, preferably in the financial sector/ NGO/financial literacy space.

ANNEX C: TERMS OF REFERENCE FOR STAKEHOLDER'S WORKING GROUP

Description of the Credit Reporting Project

To adapt as required, if applicable.

The credit reporting project aims to address the current constraints in the credit reporting system that have prevented optimal performance of the system and thereby rendered it of marginal benefit to MSMEs and consumers. The credit reporting project provides technical assistance to, and builds the capacity of, various stakeholders, including regulators, lenders, credit bureaus and consumers to be better able to develop and implement strategies to address the system constraints. The project implements a series of interventions to improve the credit reporting system, such as strengthening the credit reporting legal, regulatory and supervisory framework, improving the quality of data submitted to credit bureaus by lenders, and increasing consumer awareness and financial education on the role and importance of credit reporting as it relates to responsible lending and borrowing. It is anticipated that implementing the aforementioned interventions will contribute to removing the barriers and promote a well-functioning and optimal credit reporting system.

Joining efforts from all relevant stakeholders yields better, faster, and longer-lasting results. This is why a stakeholder's working group is a key part of the technical assistance program developed to address the challenges encountered and propose solutions, and ensure the sustainability of the consumer awareness and financial education activities. In order to initiate the creation of the team, we have prepared the following terms of reference to guide in the initial phase of preparation and team member selection.

Description of the Scope and Purpose of the Working Group

- The working group should have a maximum of 20 participants representing the main players in the financial and credit information sector.
- The working group is to design and implement the "Consumer Awareness" program in conjunction with the communications firm procured by [organization].
- Participants should be knowledgeable of their business and preferably have communications and/or marketing background or skills.
- Cross-training between [client], credit bureau, and data providers (particularly banks) is very relevant and should be a first step in order to get a common understanding of the various ramifications of credit information and their impact in the financial industry.
- Participants should be sponsored by their institutions and commit their time.
- The working group will implement the action plan together with a communications firm who will work the details of the campaign and other tasks agreed in the plan.
- Participants should identify the common technical, legal, and/or regulatory challenges faced by data providers and consumers (e.g. consumer consent).
- The working group will be responsible for carrying forward and ensuring the sustainability of awareness initiatives and messages on credit awareness in [country], even once the 'campaign' has ended.

General characteristics of the working group

From a group of professionals with heterogeneous abilities and experiences but similar goals, the following characteristics should be aimed for in order to have an effective performance:

- Identify and document the specific goals and purposes of the working group.
- There should be a leader with authority and good mediation skills.
- Establish a process and working standards for the meetings and activities assigned, such as timeliness, prepare for meetings, complete agreed upon tasks, etc.
- Allow and expect to discuss differences of opinions.
- Most decisions are made at a point where there is general agreement.
- Testing assumptions in various scenarios is a powerful way for resolving issues.
- A code of conduct containing the basics of the working methodology will provide formality and traceability to the working group progress.

Integration with Existing Working Groups

If there is a similar initiative already in place in [country], the intention is to collaborate and integrate the working group already established for this purpose and do the same with the activities programmed in order to have better use of resources and greater impact.



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