



INTERNATIONAL FINANCE CORPORATION
WORLD BANK GROUP



Global Credit Bureau Program

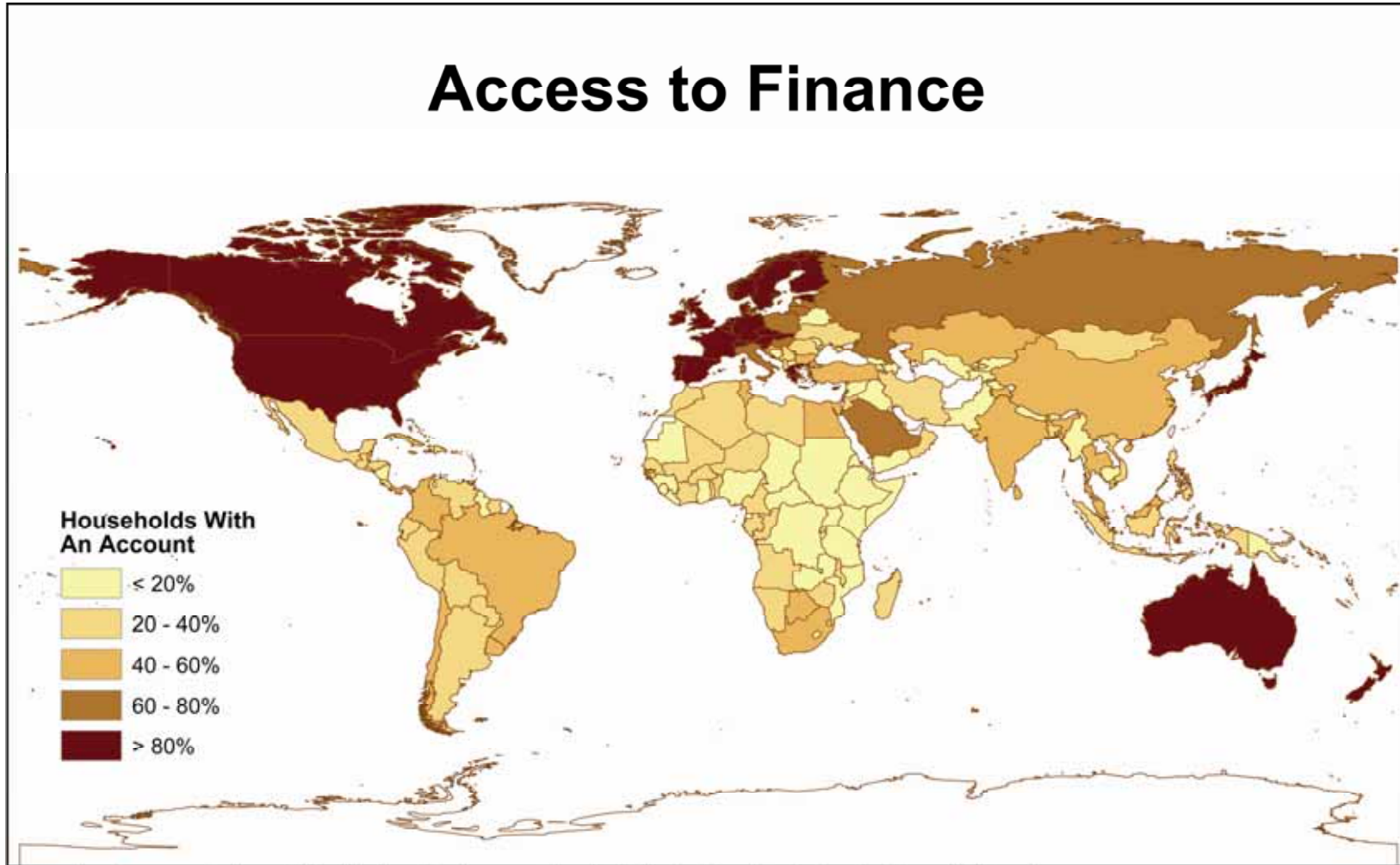
Phnom Penh, Cambodia
Thursday 29th November 2007



Tony Lythgoe
Principal Specialist
Global Financial Market

In emerging markets, roughly two-thirds of the population remain unbanked and underserved

Access to Finance



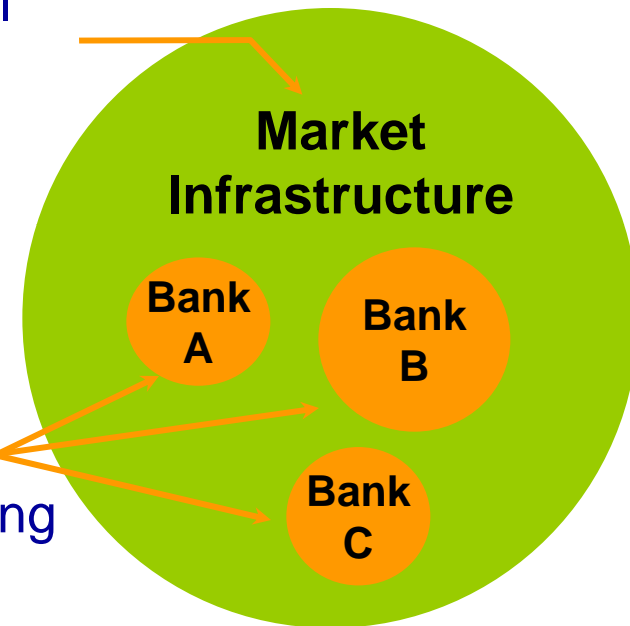
Note: Map shows percent of households with a deposit or loan account in an institution (banks, savings banks, microfinance institutions). Where available, the data come from household surveys, otherwise, they are predicted values from a regression using aggregate deposit figures.

Source: Demircuc-Kunt, Beck and Honohan, 2007, *Policy Research Report on Access to Finance*, World Bank.



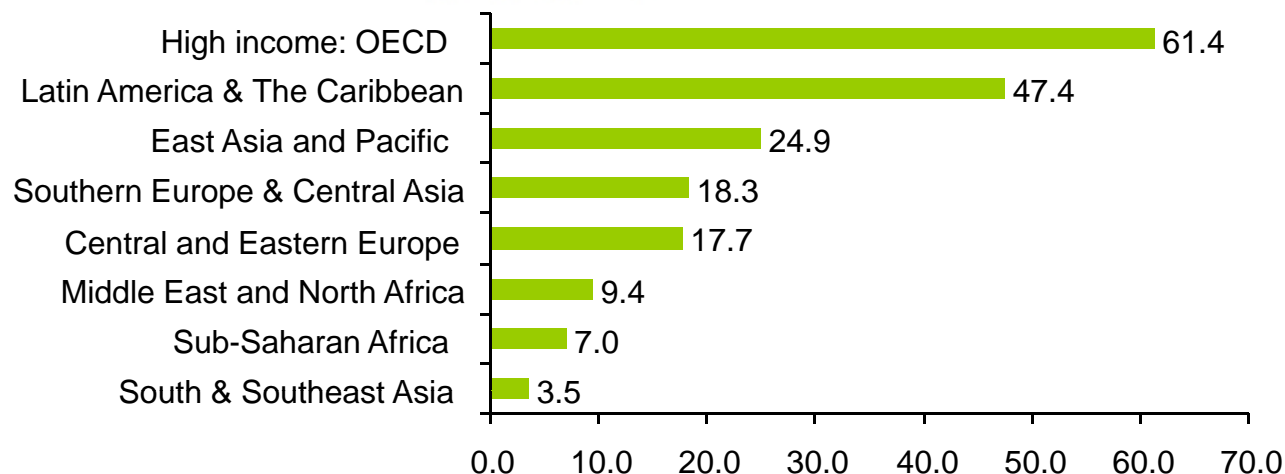
Expanding Access to Finance (A2F) requires solid financial infrastructure

- Creating and improving financial infrastructure
 - Credit bureaus, payment systems and collateral registries
 - Legal and regulatory framework
 - Close collaboration with World Bank/IBRD
- Working with financial institutions
 - Retail/SME banks, microfinance, housing, leasing
 - Comprehensive, long-term institution building programs
 - Synergies between investment and advisory services

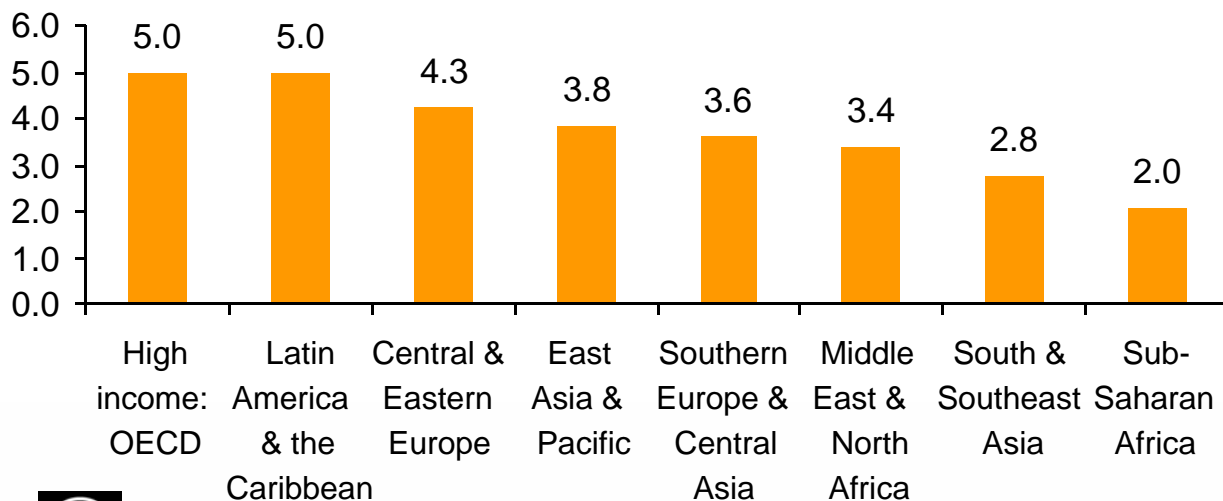


Credit information sharing is gaining momentum

Private Bureau Coverage (% of Adults)



Credit Information Index



Credit Information Index (0-6)

- Data on both firms and individuals distributed
- Both positive and negative information distributed
- Information from retailers, utilities, trade creditors and financial institutions distributed
- More than 2 years of historical data distributed
- Data on loans below 1% of income per capita distributed
- Borrowers guaranteed access to their data in largest registry by law

Source: Doing Business 2008



IFC Global Credit Bureau Program: scope of work

- Develop an environment that encourages private sector credit information sharing
 - Market assessments and feasibility studies
 - Advice on legal and regulatory framework
 - Awareness raising and outreach events for all stakeholders
 - Brazil, Romania, Morocco, Panama, Vietnam
- Direct support to develop new private credit bureaus
 - Business plan development
 - Technical vendor selection
 - Egypt (i-Score), Central America (TUCA*), Romania (Biroul de Credit)
- Enhance existing private credit bureaus
 - Conversion to positive information sharing
 - Introduce value added services
 - South Africa (CompuScan), Pakistan (Datacheck)



* TUCA or TransUnion Central America is a regional bureau that covers Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Comprehensive information sharing gives best results

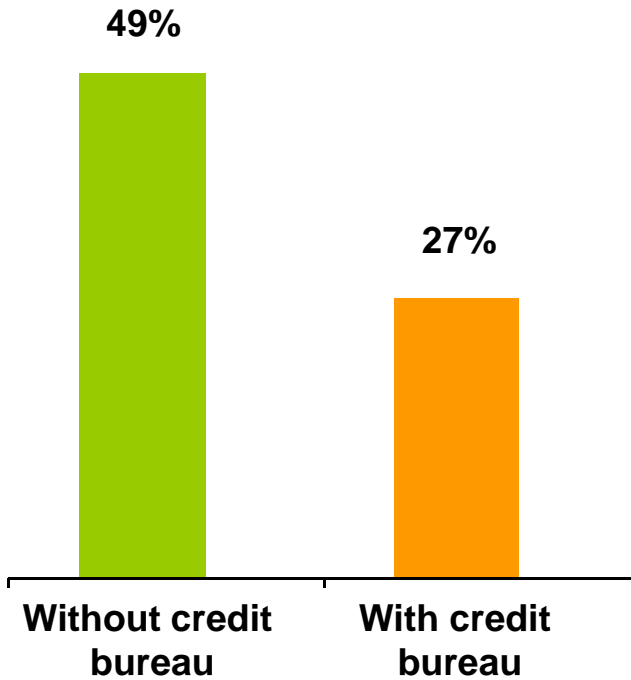
| Types of Information Sources of Information | Positive & Negative Information | Negative Information |
|---|---|---|
| “Full” (information shared by banks, retailers, NBFIs) | High Predictiveness (e.g. U.S., UK, South Africa, Ecuador) | Lower Predictiveness (e.g. Australia, Brazil) |
| “Fragmented” (e.g. information shared among banks only or retail only) | Lower Predictiveness (e.g. Mexico, Singapore, Romania) | Lowest Predictiveness (e.g. Nepal, Morocco, Haiti) |



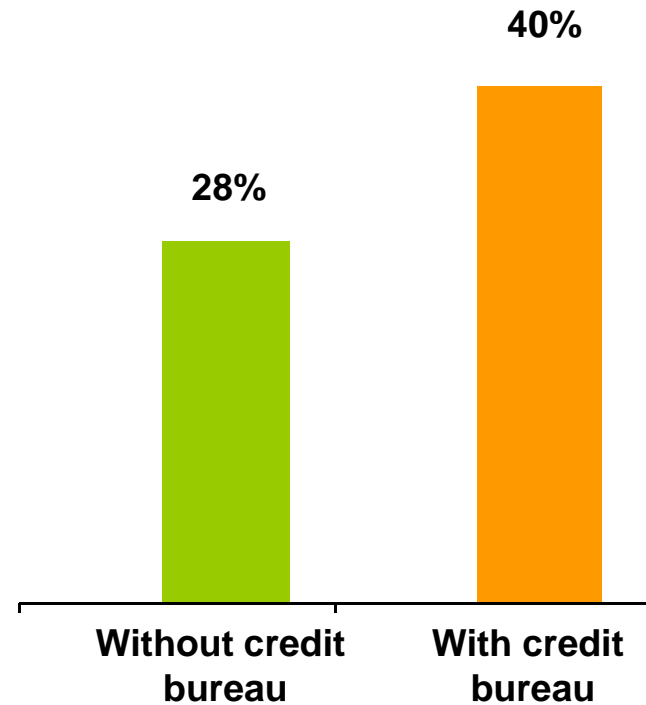
Small firms benefit from credit bureaus

Estimates based on data on 5000 firms in 51 countries

% of Small Firms Reporting High Financing Constraints



Probability of Obtaining a Bank Loan for a Small Firm

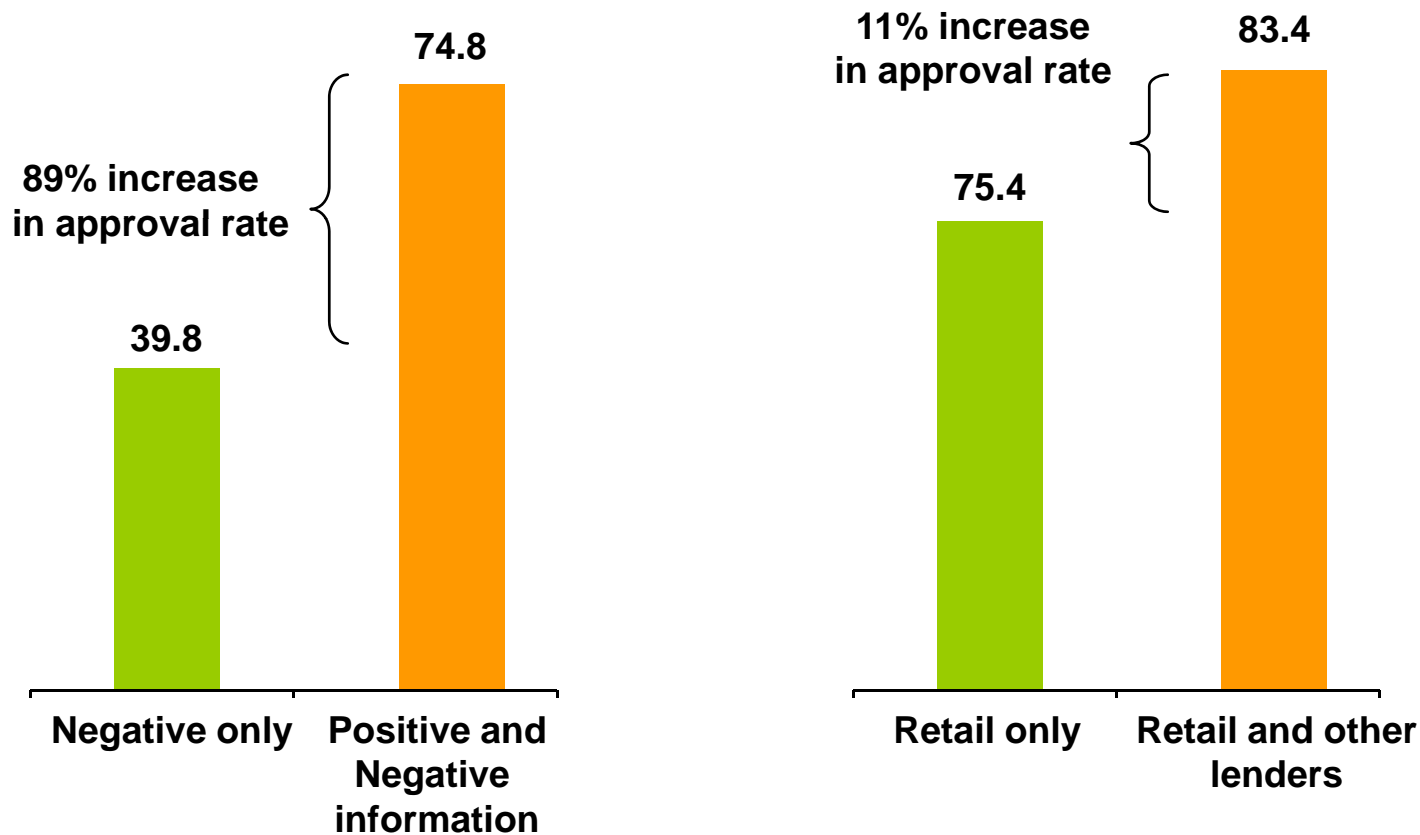


Source: Love & Mylenko (2003).



Broader information sharing helps more people and businesses access credit

Percent of Applicants who Obtain a Loan



Source: Barron and Staten (2000). Figure shows the simulated credit availability assuming a target default rate of 3%.



Microfinance Information Sharing

- Very few examples of formalised credit data sharing between MFIs
- Why?
 - Lack of automation/data management (MIS systems) within MFIs.....
 -expensive to collect data and issues with data quality
 - Cost/Benefit model less appealing
 - Higher cost to collect data
 - Low value, short term credit generates less income to pay for reports
- But it can be done through better use of technology



Useful links & contact information

RESEARCH LINKS

- <http://www.ifc.org/ifcext/gfm.nsf/Content/FinancialInfrastructure> - IFC's Global Credit Bureau Program
- <http://www.worldbank.org/wbi/banking/creditscoring> - Focus on small business by WB/IFC
- http://econ.worldbank.org/programs/credit_reporting - Comprehensive research by WB
- <http://rru.worldbank.org/doingbusiness> - Focus on business environment

CONTACTS

Peer Stein, Head, PStein@ifc.org

Tony Lythgoe, Business Line Specialist, tlythgoe@ifc.org

Ghada Teima, Program Manager, GTeima@ifc.org

Margaret Miller, Research & Policy, World Bank, mmiller5@worldbank.org

Shalini Sankar, Program Support, SSankar1@ifc.org

Fredesvinda Montes, Legal & Regulatory, World Bank, fmontes@worldbank.org

Regional Credit Bureau and Risk Management Advisors

Colin Raymond, CRaymond@ifc.org (East & South Asia)

Nataliya Mylenko, NMylenko@ifc.org (Sub-Saharan Africa)

Oscar Maddedu, OMaddedu@ifc.org (Latin America & Caribbean)

Peter Sheerin, PSheerin@ifc.org (Middle East & North Africa, Sub-Saharan Africa)

Stefano Stoppani, SStoppani@ifc.org (Central & Eastern Europe, Southern Europe & Central Asia, Middle East &

North Africa)

