

Credit Information Sharing in Kenya: A Guide for Credit Providers

Part 2 of the Credit Information Sharing Toolkit

PREPARED BY SOFTWARE GROUP IN PARTNERSHIP WITH

FINANCIAL SECTOR DEEPENING KENYA

FOR

KENYA CREDIT INFORMATION SHARING INITIATIVE

Authors:

Geraldine O' Keeffe, Software Group

Marie Valdez, Software Group

Karibu Nyaggah, Caytree Partners

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Abbreviations

ADR	Alternative Dispute-Resolution
AMFI	Association of Microfinance Institutions in Kenya
AKCP	Association of Kenya Credit Providers
CBK	Central Bank of Kenya
CIS	Credit Information Sharing
AKCP	Association of Kenya Credit Providers
CRB	Credit Reference Bureau
ISP	Internet Service Provider
IT	Information Technology
JTF	CBK-KBA Joint Task Force
KBA	Kenya Bankers' Association
KCISI	Kenya Credit Information Sharing Initiative
MFI	Microfinance Institutions
MIS	Management Information System
NDA	Non-Disclosure Agreement
PAR	Portfolio-At-Risk
SMART	Refers to SMART Objective Specific, Measurable, Attainable, Realistic, and Timely

1. How to Use this Guide

1.1. Objective

The purpose of this guide is to assist credit providers to understand the key requirements needed to successfully participate in credit information sharing (CIS).

1.2. Background

In 2007, the Kenya Banker's Association (KBA) and the Central Bank of Kenya (CBK) formed a Joint Task Force (JTF) to formalise efforts on credit information sharing. These efforts began as early as the 1990s after the collapse of several banks due to a high volume of non-performing loans. In 2008, regulations were passed mandating that banks share negative information with the credit bureaus. In 2012, the CBK Act was amended requiring all banks to provide full-file information. With time, it is expected that all credit providers in Kenya will be required, either by law or as a practical matter, to participate in this system.

For further detail on the history of CIS in Kenya, the reader is referred to the case study, "Credit Information Sharing in Kenya: A Case Study" to be published by Financial Sector Deepening.

1.3. Using the Guide

Although this guide has been based on the Kenyan context, many of the topics covered in this guide are also relevant to credit providers in other markets. This guide is expected to provide a fair amount of detail with respect to the key issues credit providers need to consider as they prepare to join CIS. Yet, the guide is not a substitute for a well-resourced project team and an organisation-specific work plan. In many instances, the guide will be most useful to project managers and teams within organisations seeking to implement CIS and looking for basic guidance on how to start.

This guide is a work in progress, and will be continuously updated as the CIS initiative expands to include different credit providers. The user is encouraged to seek additional guidance from industry peers and additional technical expertise.

At the end of each major section, a brief section titled, "Key Questions" has been included prompting the reader to think through the key issues related to that section. These questions should not be considered exhaustive or authoritative. Organisations may have other questions to consider. It is included merely to prompt the reader in thinking through the main issues pertinent to that section.

2. Benefits of Credit Information Sharing

For credit providers, CIS is more than a compliance initiative – it is a business imperative. Credit providers benefit from having a transparent lending environment where they are able to accurately assess borrowers' according to the "five Cs" of credit: character, capacity, collateral, capital, and conditions. Credit information sharing enables lenders to dramatically improve their underwriting processes by reducing the information "asymmetry" that has resulted in a variety of issues.

When credit providers have better tools to make their lending decisions, the ultimate beneficiary is the consumer. Honest, deserving consumers are better able to access capital as lenders expand their borrowing operations in an efficient and prudent manner. Additionally, an effective CIS system prevents one of the most pervasive issues in Kenya today: over-indebtedness. Many consumers today hold loans from several institutions. Although they may be repaying these loans as scheduled, many of these consumers are at risk of destabilising "shocks" which impact their ability to properly service their loans. CIS enables lenders to see what existing loans consumers have and allows them to adjust credit provided based on appropriate levels of indebtedness.

Credit information sharing generally comes in different varieties: negative information sharing vs. positive or "full-file" information and closed user groups vs. comprehensive. Negative information sharing refers to sharing only non-performing loans while "full-file" refers to sharing all loan information – performing or non-performing. A closed user group limits access to data amongst peers or associations. E.g., banks will only have access to bank data and will not have access to other credit providers. On the contrary, a comprehensive CIS will allow data access across all credit providers, utilities, even retailers.

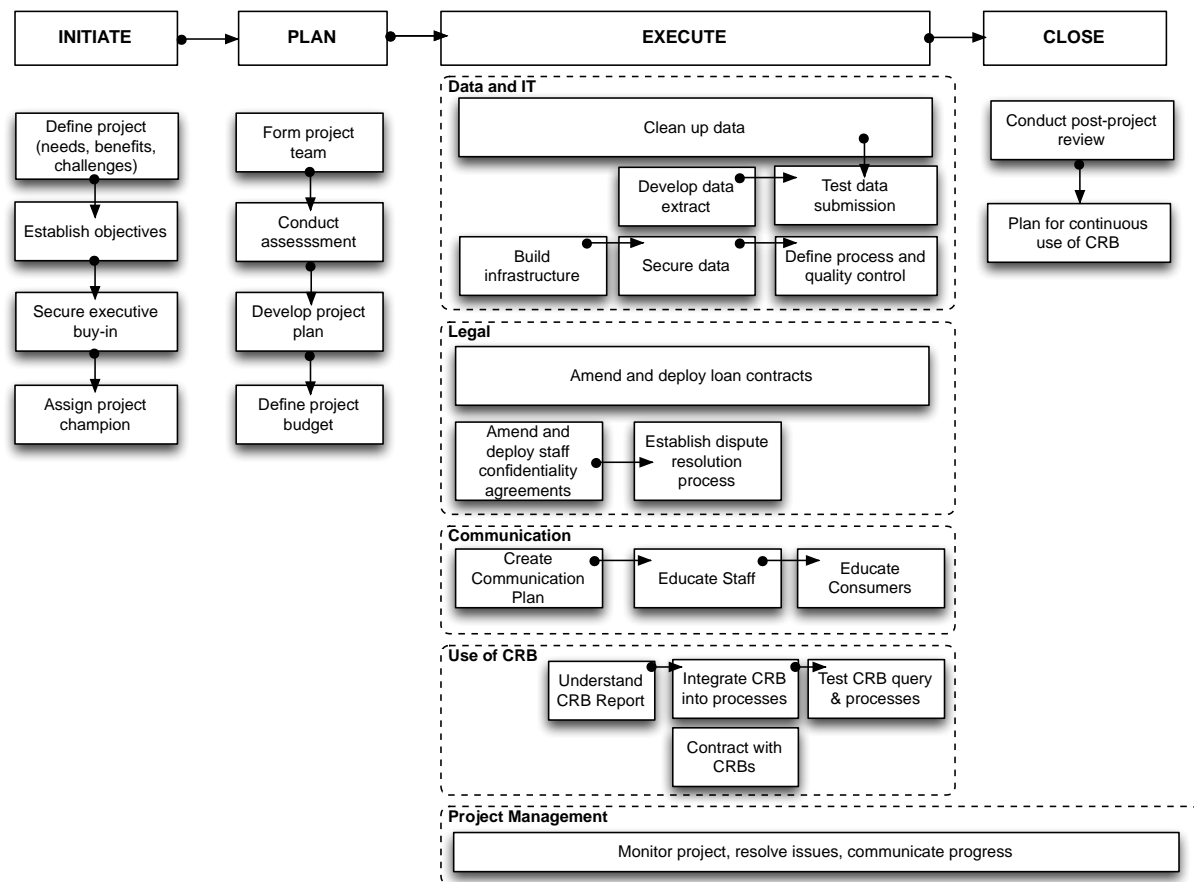
To date (July 2012), Kenya's CIS efforts have focused on negative only sharing of non-performing loans to credit bureaus. Unfortunately, the negative sharing approach results in a very limited ability to realise the full benefits of CIS. First, it only captures a very small percentage of the entire credit market – typically less than 10%. Additionally, because it focuses on negative only information, it adversely affects customer perceptions of the CIS effort, putting the relationship and reputations of both the credit reference bureaus (CRBs) and the financial institutions at risk.

Positive, full-file information sharing is the ideal system. Through full file sharing, organisations are able to benefit from robust credit scoring from CRBs which in turn, enable better underwriting processes. Further, full-file sharing brings an important benefit; it allows lenders to assess borrower indebtedness, which is not always reflected with negative only data. The ultimate benefit for lenders is better risk-management, reduced portfolio at risk numbers, lower cost of provisioning and monitoring loans leading to more affordable interest rates, and ability to expand their portfolio with risk-based product development.

3. CIS Implementation Process Overview

The process involved in a typical CIS project has been summarized in the workflow diagram depicted below and described in full in the following sections. As shown in this diagram, the project implementation consists of four key workstreams that run concurrently – communication, legal, data and IT, and use of CRB.

This process follows general sound project management principles which encourage adequate project initiation and planning, strict project monitoring during project execution, and formal project closure.



4. Project Initiation

The first stage of the project involves credit providers identifying the need to commence the CIS project, either in response to regulatory compliance, or for other business needs. To proceed with the project, it is expected that the senior management will have to confirm their commitment to the project and identify a champion from within the company who will be responsible for oversight of the project going forward.

4.1. Define Project

A high level definition of the project will include defining the project business opportunity and risks, the vision of the project outcome, the project objectives, the project scope, and the required project resources. All this is usually documented in a project charter, which is used for securing executive buy-in and to provide general guidance for project planning and execution. In its most practical sense, the project charter should define the high-level cost-benefit analysis of the project. **Appendix 1 shows a sample Project Charter Template.** Some key elements of this charter are discussed below:

Background and Business Opportunity

The project charter should include the rationale for the project, which for CIS, is typically regulatory compliance, enhanced credit risk management, and better product offering through use of customer credit information. The pros and cons of submitting negative data vs. full-file information and joining different user groups can also be discussed here, with a recommendation of the most practical and beneficial configuration for the credit provider.

Vision of the Project Solution

The vision of the project solution describes the desired project results and how these will be applied in day-to-day operations. The vision gives the overall direction for objective setting and project planning. For example, when an institution decides to participate in full-file comprehensive sharing, a vision of the project outcome may look like:

“At the end of the first phase of this project, customer and account information will automatically be generated at the first of every month. A trained personnel in charge of this process will then review the extract, ensure that all

negative information is 100% accurate, and that issues are resolved by the 9th of the month, and then submits the data through a web portal by the 10th of the month.

Three months after, at the end of the 2nd phase of the project, all existing customers have signed consent for sharing of their credit information for credit application, and all credit officers and tellers are trained on the process and benefits of Customer Information Sharing. Credit Officers query the Credit Bureau for all credit applications following an updated process and criteria for loan evaluation using the CRB reports.”

Project Objectives

Once the vision is defined, the objectives can be set along a number of parameters. One objective could be to reduce the number of defaults. A second objective could be to increase collection rates. With time, these objectives can be expanded to include internal business processes. Regardless of the objectives set, it is important that they are aligned with the organisational priorities, and that they provide clear benefit to the organisation.

Organisational objectives should be set in a structured manner. Well-articulated objectives meet the following criteria: specific, measurable, attainable, realistic, and timely (SMART).

To build from the above vision, SMART objectives can be:

1. To be able to submit full-file account information with 100% accuracy on negative information by Feb 28, 2010.
2. To be able to reduce PAR from 8% to 5% with the use of CRB information by the end of February 2012.

Scope

The scope of the project is defined here. Equally important is listing what is out of scope for the project. For example, if the institution decides that it will only submit negative data and that the first phase of the project only involves submission of data the scope of the project can be stated as:

“The first phase of the project will include data clean-up, automatic data extraction, full review, and submission of non-performing loans.

The 2nd phase of the project will include data clean-up, automatic data extraction, full review, and submission of all loans.

The 3rd phase of the project will include staff and customer information campaign, gaining full consent from customers for use of their information, and using the CRB reports for loan application for loans greater than KES 100,000.

The following is OUT scope for this project: Credit scoring and automated credit decisioning.”

Business Risks

This section of the project charter lists the possible risks for the business and the project. The list usually includes the risk, the probability of the risk (low, medium, high), the impact, the classification of its impact (low, medium, high), and the recommended risk mitigations. When a risk has a high probability and high impact, it has to be given priority. For regulated institutions, the first risk will be to miss the required submission date when the project is not completed on time. This risk will have a high impact as stiff penalties apply for not submitting data on time. To mitigate this, the project has to be given priority with enough resources and vigilant project monitoring. Other common project risks will be inadequate resources, delays from third-party provider, staff resistance, poor data quality and changes in requirements.

Required Project Resources

To give the management an idea of the possible cost of the project, the required resources to execute the project have to be listed. For CIS, the required project resources may include the following:

- Resource personnel for project management
- Resource personnel (Credit and IT, at the least) for project implementation
- Resource personnel for data clean-up
- Resource personnel or Cost of third-party vendor for development of data extract
- Legal advice for amendment of loan contracts and staff confidentiality agreement
- Cost of printing revised loan contracts and/or addendums

While, the following will be the on-going cost of participating in CIS:

- Resource personnel for reviewing and submitting data
- Resource personnel for administering and querying the CRB report
- Resource personnel for handling CIS-related customer inquiries, complaints, or disputes
- CIS-related computer program maintenance
- Cost of querying the CRB

4.2. Secure Executive Buy In

To ensure project success, the senior level management needs to support the project and be convinced that participation is a necessary activity for the business. This buy in may be in response either to regulatory requirements to participate, or from business drivers. Irrespective of the origin, the senior executive needs to be committed to the project and prioritise it amongst the various other initiatives that are likely on-going. Presentation of the Project Charter, containing the information discussed

above, will help build a strong business case for participation and ensure all understand the implications of the project.

4.3. Assign Project Champion

It is difficult for any project to move ahead without some member of the management team acting as a champion. The identification of such a person may occur at any point during this first phase, potentially before project definition or senior executive buy in, but in some cases only after management has committed to the project, will a formal project champion be assigned.

There is a question as to who the project champion should be. For a credit provider, the obvious choice is the Head of Credit. This is the person whose job will improve immensely as result of credit information sharing. Yet, care should be taken in assigning the role. The Head of Credit may be the obvious choice, but it may not be the best choice. The project champion should be a senior person empowered to positively influence and negotiate with senior management and/ or the Board of Directors.

To determine the best project champion, an individual evaluation is necessary to determine whether he/she has the requisite skills. These will include:

- Strong project management skills
- Ability to prioritize and adapt to changing situations
- Ability to grasp the bigger picture
- Good working relationships with people within the organisation
- Adequate time at organisation
- Familiarity with CIS
- Excellent communication skills

More importantly, the project champion assigned should have time adequately allocated for this project. Senior Management should be aware of this and should help by relieving the project champion of his other responsibilities throughout the duration of the project.

Appendix 2 shows the Job Description for Project Champions for Microfinance Institutions (MFIs).

Key Questions

1. What are the business drivers for implementing CIS?
2. What are the possible business and project risks? How are these best mitigated?
3. What are the required resources to run a successful CIS project?
4. Who is best equipped to be the project champion for CIS in our organisation?

5. What are the organisation's current competing priorities and how can priorities be rearranged?

5. Project Planning

Once the initiation phase is completed, it is necessary to build a full project team and then analyse the project in more detail to assess the detailed requirements for the implementation. The assessment needs to consider several key areas including Legal, Information Technology (IT)/Data, Communications, and how the CRB will be used from a credit perspective. Once this information is available, the credit provider can prepare a project plan and a project budget to estimate the total cost of the project.

Preparing for CIS is an intensive process. Organisations that derive the most benefit from the CIS initiative will be those that invest heavily in planning adequately for CIS. This section discusses the best practices in terms of organisational readiness and provides specific recommendations that credit providers can use to gain the maximum benefit from CIS.

5.1. Form Project Team

There are several approaches to creating a project team. Depending on the organisation's size the project team may be small, comprised of simply a Head of Credit, IT, and perhaps the customer service managers. Larger organisations will almost always have larger teams due to their complexity, and may even be able to have one person assigned to each of the work stream areas including: Legal, IT/Data, Communications and Credit. Regardless of size, the important consideration is to ensure that each project team member has a clear role and responsibilities.

Key Questions

1. Who should be on the organisation's CIS project team and what should be on their terms of reference?

5.2. Conduct Assessments

The first major task for the team will be to carry out assessment in each of the key work stream topics to fully understand what is involved in the implementation for their particular organisation by identifying the institution's capacity gaps. From an organisational standpoint, the CIS initiative requires an understanding of five areas comprising the underlying framework of CIS:

1. Data and IT
2. Legal + Regulatory environment
3. Communications

4. Use of the CRB
5. Organisational Readiness

5.2.1.Data/IT Assessment

The assessment of the IT implications of participation in CIS needs to consider both the data availability as well as the general IT implications of participation, both of which are discussed in detail below.

Data Availability Analysis

Organisations participating in CIS will be required to submit data that complies with the agreed data specifications for their market. These specifications are typically drafted in coordination with several stakeholders including, in the context of Kenya, KCISI, KBA, the CRB's and other sector supervisory bodies such as AMFI.

Data specifications provide a detailed definition of exactly what data needs to be submitted and how this data must be formatted. They typically contain multiple files, each which has its own set of required fields or data items, some of which are mandatory while others are non-mandatory or conditional. For Kenya, the current active specification includes separate files for:

1. Non-individual consumer and account
2. Individual consumer, employer and account
3. Stakeholder data
4. Guarantor
5. Bounced cheque
6. Collateral
7. Fraudulent activities
8. Credit applications

Note that the data specifications template is a living document and changes based on industry needs. KCISI (and in the future, the Association of Kenya Credit Providers – AKCP) will be the custodian of the data specifications and will publish the latest releases as necessary. For this reason, assessment may be repeated when new specifications are released.

Each institution should review the data specifications, understand the data definitions and map them to existing data within their current IT systems. The things to consider during this assessment are:

1. Do we have all the data required? Do we at least have the mandatory data?

2. Is the data stored in electronic form? If not, do we already have this data in our customer physical files?
3. Is the information in our Management Information System (MIS) accurate?
4. Do we have the mechanism to extract and repurpose this data to the required format?
5. How do we ensure data accuracy and data security?
6. How do we submit the data?

It is recommended that two analyses be done.

1. A comparison of existing data and MIS vs. the minimal mandatory requirement.
2. A comparison of existing data and MIS vs. the full data requirements.

Submitting only the mandatory fields will allow an institution to join and benefit from the CIS but full benefit will really only be felt where all data, regardless of mandatory status, is submitted. For example, at the moment, the collateral registry and credit applications are non-mandatory. However, these two data sets are very important for credit processing and can be used to answer information such as: Has this collateral been used already? Is my customer applying for other loans other than this one? So while reviewing the specifications, the Credit Provider should set their sights at submission of all fields, irrespective of whether they are mandatory or not.

The important outputs of this assessment are:

1. The list of missing data on MIS
2. The list of missing data on paper
3. Indication of data accuracy on the MIS

See [Appendix 3](#) for a *sample data availability analysis* template.

Testing data accuracy is trickier; this may require that a programmer be asked to run some data integrity checks comparing the sum of individual transactions with totals. For example one of the most basic tests is to confirm that the sum of the loan listings is equal to the total outstanding loan book as reported on the financial statements. To test other data elements it will be necessary to choose random records and compare the individual paper record with what is on the MIS. For example a physical loan application should be picked and confirmed against the details stored in the system. While conducting these tests, it is important to also check identity records such as name, date of birth, and national ID and then check the basic loan information: loan amount, loan instalment date, number of instalments, instalment amount, outstanding loan balance, arrears, and number of days in arrears. A minimum of three loans should be tested. See [Appendix 4](#) for a *sample data accuracy checklist*.

The above-mentioned outputs, combined with the number of loan accounts the credit provider has to submit to the CRBs, will determine the effort required for the credit provider to complete and clean-up

their data. Data clean up takes up most of the time in the initial participation to CIS and should be started as soon as possible.

General IT Considerations

The CIS project has 2 sides to it: data submission and data querying. On the data submission side, it is important to have the data in electronic form, an extraction tool available that can be used on a recurring basis, and access to a reliable means of submission of data to the CRBs. On this aspect alone, the credit provider has to assess its IT capacity in terms of the following:

1. MIS ability to store required data
2. Experience and ability in developing a software program to automate data extractions
3. Existing data security infrastructure
4. Existing Internet infrastructure

The credit provider's MIS should be able to store the data specified in the data specifications template. It should also be able to produce accurate computed values such as loan balances and arrears. Ideally, the MIS should be able to capture loan application data and loan application processing so that in the future, the credit provider can submit loan applications to the CRBs. Depending on the MIS shortcomings, a decision has to be made on whether the MIS has to be enhanced or replaced. If the issue is just missing fields or data repository, most MIS can be easily enhanced to accommodate more data. However if the MIS has inaccurate data and also cannot support future needs, then the MIS may need to be replaced.

The data on the MIS then needs to be extracted and saved on a format as described by the Data Specifications template. This means that the credit provider should have an ability (in-house or outsourced) to develop a software program that automates the said process.

Once the data is extracted, it can then be submitted to the CRBs. The easiest and fastest way of submitting data to the CRBs is through the Internet and via tools provided by the CRBs such as the Data Sanitizer Tool that is currently being developed by the existing bureaus. This tool ensures reliable and secure submission of data, and checks on the data quality to provide the Credit Provider with an indication of whether or not the file meets the required quality standards. Use of this tool, or direct submission, will require a reliable internet connection which will need to be assessed to ensure it can transmit the necessary files reliably.

Internet connectivity is also critical to allow for data querying of the CRBs. Users of the bureaus should be able to access credit reports in timeframes that are in line with their loan application processing, which for many requires a near instantaneous feedback. To achieve this, their Internet connection should be reliable and of sufficient bandwidth to access the CRB interface. Note that where loan

appraisal is done from branch locations, the connection should be verified from these locations as well. For high volume users, it may prove desirable to establish direct connectivity between the Core Banking System and the CRBs to allow for interrogation of the bureaus from within the banking system as part of the loan application workflow.

CIS requires that customer information are secured and only accessed for credit evaluation. The credit provider has to evaluate it has basic IT security in place such as a firewalled¹ network, password protected computer systems, and authorised MIS access.

Finally, all the efforts depicted above are constrained by the MFI basic IT infrastructure and its reliability. **Appendix 5** lists some *indicators of IT capacity and infrastructure*.

In summary, the aim in assessing this specific area is to evaluate if the IT department has the resources, budget, infrastructure, and systems necessary to cope with the implementation of CIS, be it in the provision of data, or in the implementation of Credit Bureau querying.

Key Questions

1. Do we have all mandatory data in our forms?
2. Do we have all mandatory data recorded into our MIS?
3. Is data on our MIS accurate?
4. How many dedicated staff will we need to collect and/or correct mandatory data?
5. Can our MIS support current CIS requirements? How about future CIS requirements?
6. Do we have the right IT infrastructure to store and process electronic data?
7. Are our IT systems secured?
8. Do we have adequate IT capacity to implement CIS?

5.2.2. Legal Assessment

The Legal assessment needs to consider the regulatory environment in which the Credit Provider is operating and the impact that this will have on their participation in CIS. In some markets, there are few regulatory implications to think of due to the voluntary nature of the CIS regime, while other markets, Kenya included, have a regulatory framework that forms the foundation of the CIS system.

¹“A **firewall** can either be software-based or hardware-based and is used to help keep a network secure. Its primary objective is to control the incoming and outgoing network traffic by analyzing the data packets and determining whether it should be allowed through or not, based on a predetermined rule set.” SOURCE: [http://en.wikipedia.org/wiki/Firewall_\(computing\)](http://en.wikipedia.org/wiki/Firewall_(computing))

Regardless of the regulatory environment, any credit provider participating in CIS needs to consider the legal implications of credit information sharing as a matter of course. In particular, main issues that will likely affect credit providers are:

1. *Voluntary/mandatory participation*- is participation mandated by law or is it up to the provider to decide? If not mandated by law, has the consumer consented to that sharing? This will ensure that the credit provider is not exposed to legal risk.
2. *Data security and accessibility*- who exactly will have access to the shared data and what rules will govern this accessibility? Where an authorised personnel has been identified, has the person signed an agreement to uphold confidentiality?
3. *Frequency and content of submissions*- how often will the provider be required to submit and what must be the content of that file i.e. full file/negative only, historical or current?
4. *Consumer protection*- how will consumer's rights be protected once their data is present in the bureau? What responsibility does the provider have in ensuring consumer protection?
5. *Dispute Resolution Mechanism*-how will disputes arising from CIS be resolved and how will the mechanism be governed?

While all of these areas require careful consideration, consumer protection should perhaps be given more consideration than the rest. Consumers who feel that their rights have been violated can generate negative publicity and initiate costly litigation proceedings. It is important to be proactive by thinking of the best ways to protect consumers' rights.

Consumer protection involves appropriate access and use of data. Current regulatory requirements in Kenya prohibit credit reference bureaus from revealing consumer information for marketing purposes outside institutions' own customers. They also prohibit banks from querying customers' credit scores without lawful justification. Current best practice requires that institutions seek consent from customers to obtain their credit reference report. When sharing is voluntary (or not mandated by law), consent is required from all customers. It also involves disclosing to customers, in ways they understand, the implications of credit information sharing.

Consumer Protection also includes the consumers' right to access the information shared about them, the right to correct this information, to know about the CRB processes, and the right to adverse action notification. It is important that customers are advised of their rights alongside asking for consent or acknowledgment. This should help alleviate customers' fears of incorrect information or misuse of information.

Internally, customer information should be used only for the intended purpose. Because credit reports contain sensitive personal information, this information should be safeguarded at all times. Appropriate best practices are discussed below, but for now it is important even in the preparation phase to think of who should have access to this sensitive information and to develop internal policies that help reassure customers and regulators that the organisation is serious about consumer protection.

Key Questions

1. What specific CIS regulations apply to our organisation?
2. What are the key areas of compliance for our organisation?
3. What are the major barriers to compliance at the organisation?
4. What is the applicable compliance timeframe?
5. Are we required to get consent from our customers before sharing?
6. What changes are required to our lending contracts with our customers?
7. What changes are required on our staff contracts to ensure client data confidentiality?
8. What will be the most efficient way in reaching our customers and getting their consent/acknowledgement?
9. What training needs do we require in order to equip staff to resolve disputes that may arise out of CIS?

5.2.3. Communications Assessment

Perhaps the most difficult obstacle to overcome is the initial resistance to credit information sharing both internally within financial institutions and externally. Financial institutions understand the value of sharing negative information but have fears of client poaching if positive information is shared. Likewise, customers already have a pre-existing negative notion of credit bureaus because without positive information, the CRB is viewed as a blacklist database.

In the preparation phase, it is important to understand what the key communications gaps are within the organisation and amongst customers. This can be done informally or formally. The best approach may be informed by the size of the organisations with smaller organisations better able to take the informal route and larger organisations compelled to take a more structured approach like a survey of its customer and staff on their perception of CIS.

The purpose of conducting this assessment is to understand the key messages the organisations need to emphasize during the execution stage. It also informs the choice of communication mediums, cost implications, and internal processes.

Whether it is done formally or informally, a good communications baseline assessment will take into account staff perceptions of CIS, executive commitment, and customer perceptions. If staff members do not perceive CIS to be of value, organisations can be sure their clients will feel the same way. Lack of staff buy-in can sabotage all other efforts at participating in CIS, particularly if front-line staff and credit officers are not fully engaged in the process. Organisations need to understand how their own staffs perceive the process in order to design the most effective training programs.

After internal considerations, special attention needs to be paid to customer perceptions. Credit information sharing provides an opportunity to strengthen relationships with existing customers and build new relationships with new customers. Credit providers need to be aware of customers' existing perceptions, if any. Negative perceptions can be overcome but only if organisations know that they exist and their nature. In conducting the customer perception assessment, ensure to involve customers using different products (overdraft, business, microfinance, etc.) and make sure to include businesses or non-individual customers.

Key Questions

1. What does our staff currently think of CIS?
2. What do our customers think of CIS?
3. What are some of the communications barriers our organisation needs to overcome?
4. What is our managerial level of buy-in to CIS?
5. How can the different staff, customer, and management views on CIS be influenced?
6. Which resources will our organisation utilise for our education efforts, and who will be in charge?
7. How can we best leverage business community visits and other industry efforts to promote our organisation to customers and the community?
8. How can we leverage the CRBs in our education efforts?
9. How do we measure the effectiveness and progress of the Communications Plan?

5.2.4. Use of CRB Assessment

It takes on average 15 to 20 minutes to query a Credit Bureau and to administer the corresponding CRB report. An institution that operates already at full capacity cannot consider performing this additional task or series of tasks without either recruiting additional resources or reorganising their existing processes.

It is also essential for institutions to analyse the content of the CRB report, to determine whether institutions had the Risk Management expertise to make use of CRB information, and to determine whether institutions had the capacity to reengineer underwriting processes. These and the human resource requirements are indicators if an institution can incorporate querying CRBs in their existing process and make the most use of CRBs report. Without prior history of use, the best way to typically drive usage is through staff training and engagement of consultants and analytics firms.

Key Questions

1. Who will query the CRB report? At which point in the process? For which loans?
2. What will be the changes in our policies and procedures to best use the CRB information?
3. Who in our organization has had experience using CRB information? Will we need training? Consultants? How can we get this expertise?

5.2.5.Organisational Capacity Assessment

After the assessments on each of the work streams are completed, the credit provider now has to assess if it has the organisational capacity to implement CIS. Does the credit provider have a Legal Advisor? Does the credit provider have a Communication Specialist? If not, where can it get such resource or advice? Is the IT Department able to do the data gap analysis, the data clean up, and the data extract? Has anyone in the organisation used CRB information before? Will training be enough or will it be better to hire a Consultant at the beginning to help establish policies and procedures in the use of CRB? It is during this exercise, where key outsourcing requirements and capacity building requirements are identified. Activities that will require third-party involvement should be recognised and budgeted for.

5.3. Develop Project Plan

An organisational project plan is a key component of the preparation process. A good project plan plays several roles. First, it helps to align the entire organisation on the way forward detailing the activities required to complete the project, the estimated time to complete the activities, and the dependencies of the activities to each other. Second, this plan can be referenced along the way to keep track of the organisation's progress, creating another point of accountability. Third, a good project plan helps the organisation map its financial, human, and technical resource needs. Fourth, good project plans make the project more manageable by breaking down complex projects into manageable steps. Lastly, good project plans are an excellent way to develop internal staff by instilling best practices in them, preparing them for further leadership.

Good work plans contain four sections:

1. Objectives – The objectives that have been agreed upon are the major sections of any work plan
2. Activities – Each objective has attendant activities. Together, these should be all the activities required to meet the objective.
3. Timeline – Each activity should have a prescribed timeframe by which it should be completed. Some activities will be sequential while others will happen in parallel. For example, a communications plan can be drafted even while data is analysed by the IT professionals.
4. Assignment – Every work plan should assign specific owners to each activity. This is where the team-based nature of project management is evident. The process owner may have overall

responsibility for the project, but s/he assigns and delegates specific tasks to specific individuals ensuring that the chain of accountability runs through each member of the project team.

Appendix 6 contains a *sample project plan*, designed to provide organisations a template from which they can begin. Many organisations prefer to use spreadsheets for their work plan since it is easy to manipulate the format of the plan to suite the organisation's needs. Professional project managers may be more comfortable with Microsoft's Project management software. Whatever method is chosen, the emphasis should be placed on the project manager's comfort level.

Frequently, the organisation's capacity will drive the shape of the work plan, helping to define the duration and scope of the project. Large organisations have more resources and a greater ability to take on more ambitious objectives. Smaller organisations will concern themselves mainly with the most critical aspects of CIS before moving on to other, less pressing areas. Organisations should not feel pressure to have the best or most sophisticated work plan – just what is required to achieve the objectives.

Key Questions

1. Based on the assessment results, what exact tasks are required under each of the work streams?
2. Are other additional tasks/work streams required to cater for your particular operating environment?
3. Who in our project team is best fit to own which tasks?
4. Are there tasks that require third-party vendors/consultants?
5. What are the relevant timelines for our organisation?
6. What dependencies exist between tasks?
7. How will progress against this plan be measured?

5.4. Define Project Budget

After the project plan is defined; the project budget can easily be established. Each of the work streams/tasks can be examined to see if a task has any personnel requirement (internal or external), workshops or trainings that need to be organized or to participate in, materials to be prepared, software/hardware to be procured, etc. For CIS, the following costs can be expected for each of the workstreams.

Communications	<ul style="list-style-type: none">• Communications Specialist time to develop and implement communication plan• Cost of communication materials (brochures)
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	<ul style="list-style-type: none"> • Cost of staff time in attending campaigns • Cost of staff time in disseminating information to customers
Legal	<ul style="list-style-type: none"> • Legal Advisor to review existing loan application forms and contracts • Legal Advisor to draft staff Non-Disclosure Agreements (NDAs) • Resource time to get consent/acknowledgement from customers • Resource time to get staff NDA understood and signed • Printing of new loan application forms and contracts • Printing of staff NDAs
Data/IT	<ul style="list-style-type: none"> • IT Specialist time on conducting IT gap analysis • Encoders for encoding/updating data • Development and testing of data extract • IT Specialist time in testing data submission
Use of CRB	<ul style="list-style-type: none"> • Cost of setting up and testing connectivity with the CRB • Training or Consultants time in understanding the CRB Report • Resource time in integrating CRB with existing credit risk management process
Project Implementation and Management	<ul style="list-style-type: none"> • Project management time

Note that the items above can refer to either internal or external resource, whereby both attract some cost albeit with external resources typically costing more than internal. E.g., development and testing of data extract can either be outsourced or be done in-house. If the data extract is to be developed in-house, the budget line item will refer to the time spent by the IT department on development and testing. If the data extract is to be outsourced, this will be the fee to be paid to the technology provider.

It is also important to differentiate between one-time and recurring costs. The line items above refer to activities related to the initial participation in CIS and hence are one-time costs. By contrast, activities

such as data submission and data querying will need to be budgeted as recurring costs. The following is a list of possible recurring costs in participating in CIS:

Data Submission	<ul style="list-style-type: none">• Maintenance of CIS-related computer programs• Internet connectivity for data submission (if not yet in place)• Resource time in reviewing, remediating, and submitting data
Use of CRB	<ul style="list-style-type: none">• Resource time in querying, administering, and analysing CRB data.• Internet connectivity for accessing CRB information (if not yet in place)• Cost of CRB report• Resource time for resolving customer enquiries, complaints, and disputes

6. Execution

After taking the time to prepare for CIS, the organisation is ready to move forward with implementation. This section discusses the tasks in the five key workstreams required to successfully implement CIS. The first four of which are CIS-specific while the last speaks of general project management tasks.

The four CIS workstreams will run concurrently in most parts of the project. However, they are listed here in the order that most organisations will likely approach them. The preparation for data submission is the most tedious and longest process in this implementation, and thus it is recommended that this be started first. Legal compliance and considerations will be a strong rationale for effective communications and thus, should be planned and executed hand-in-hand with communications. The Use of CRB is discussed as the last task as this is the final step to ensure that organisations can make use of the CRB information.

6.1. Data and IT

The technical bottleneck in participating in CIS is being able to submit data. Data submission requires data clean up, the development of a data extraction software program, and testing the data submission. For organisations with computerised Management Information System (MIS), basic IT infrastructure and data security will need to be implemented alongside their systems. Last but not the least, the data submission process and data quality controls have to be defined.

6.1.1. Clean up data and update MIS

This task addressed the gaps identified from the data gap analysis conducted during the Data and IT assessment. In most cases, the most common and critical issue is the lack of required data. Second to this, is that data is available but inaccurate. Lastly, the MIS itself may need to be updated to handle more data and/or be fixed to process data accurately.

Missing and Inaccurate Data

In filling up the missing the data, the amount of work required is proportionate to the lenders' number of clients. In other words, to review and complete information for 1,000 customers is considerably easier to manage than for a lender with 10,000 or 100,000 customers. Different approaches can be taken here. For lenders with small numbers of clients, a full data review is possible. This entails going through each file, comparing the file with the MIS, and in case of any discrepancies, updating the MIS with the missing or correct information.

For lenders where a full data review is impossible, different approaches can be utilised:

1. If possible, extract and validate data. Review and update only the rejected records. For the short term, focus only on the mandatory data.
2. For data accuracy review, do a random check (e.g., 3 of every 1,000) of customer files against MIS for good-standing loans but review all loans that are in arrears. While it is important that all information is accurate, it is more likely that contention will arise from records that are in arrears.
3. Like any other task, the data clean-up task can be spread out to make it more manageable. For instance, have the branch review all their loans in arrears and have them sign-off on them. Acknowledge though that this is an additional (although temporary) task for the field and branch officers.

Inadequate MIS

What if the data exists on paper records but the MIS does not have the necessary fields or forms to store it? What if the MIS does not produce correct or reliable information?

Where Credit Providers face the issue of lack of storage for required data, typically interventions from the MIS provider or the system administrator can resolve the issue. Many systems provide functionality for configuration of 'user defined fields' which can be added directly by the system administrator. Alternatively some systems may require supplier intervention to add these fields, but this is typically not a complex task. However, where providers face issues of unreliable MIS, more serious considerations are required. These should initially focus on diagnosis of the problem to try and attempt to have the issues resolved by the MIS provider. Only where this is not successful, or if other additional motivations exist, should the Credit Provider consider upgrading or replacing their systems. When this conclusion is reached, management need to be aware that this will likely postpone all participation in CIS for at least 3-6 months while the new system is being implemented.

Again, a short term and long term plan could be adopted to ensure participation in the short term, but take into account the longer term need to permanently solve the MIS issues. This could involve the following approaches:

1. The existing MIS can be updated or extended to accommodate immediate requirements.
2. If the MIS cannot hold all required mandatory data, data can be encoded into MS Excel or MS Access and mapped to the customer record in the MIS- i.e. use a common identifier between the MIS and the secondary data source.
3. If there are multiple sources of data, a programmer will have to be tasked (or hired) to gather information from different sources of data.

4. Initiate a formal assessment of the MIS, beyond just CIS, to conclude if a replacement or upgraded system is required.
5. Clearly identify the requirements for the new/upgraded systems and include extended functionality to support the full credit life cycle, ideally with options to integrate directly to the CRB.

Short term and long term plans have to be crafted in response to the short and long-term data analysis. This may look like this.

Short Term:

Goal: Participate in the CIS ASAP

Tasks:

1. Fill-in the MIS (or Excel or MS Access) with all mandatory required information.
2. Update the MIS if necessary.
3. Review all loans in arrears before submitting them to the CRB.

Long Term:

Goal: Complete data to maximize benefit from CRB

Tasks:

1. Immediately update processes to start capturing missing information. E.g., if date of birth is currently not in the application form and/or not required in the MIS, update the form and/or MIS and implement the process change.
2. Form a team to complete data collection for existing data for non-mandatory fields that you plan on submitting in the future.
3. Review and redesign processes to accurately and efficiently capture guarantors, collaterals, and credit applications. There are legal requirements in declaring one as a guarantor or declaring an item as collateral. These have to be properly documented. Thus, forms and processes have to be reviewed. As for submitting credit applications to the CRBs, this will require that the credit application be captured at the point of application and throughout the process. This will again necessitate a change in process and possibly, a change in the MIS.
4. Review if the MIS can support long-term goals. Upgrade/replace as necessary as informed by the process review.

In general, organisations should expend the effort necessary to update their customer files as much as possible to collect the newly required data. This may involve the hiring of additional temporary staff. Once complete however, organisations will have a lighter workload as required data is collected on a continuous basis going forward.

6.1.2. Develop and validate the data extract

Alongside collecting the mandatory data, a program to extract and format the data has to be developed. For organisations with a manual system, this may mean encoding data from a paper source or Excel onto the required format. E.g., an Excel template will be designed according to the order and type defined in the data specifications. The encoder(s) will then have to copy information from the customer files (registration form, application form, etc.) onto Excel and then, save the file as per the required format.

For organisations with a computerised system, this will mean assigning (or hiring) a programmer to extract the data from the MIS and then formatting the data as specified in the Data Specifications template. This will require that a computer program be written. The development of the extract program may take a couple of days to a couple of weeks depending on the familiarity of the programmer with the MIS.

While the development of the data extract can be completed within a couple of weeks, the testing will require more time. The best way to test the extract program is to run its output through the CRBs validation tool, if one has been provided. Where no such tool is available, the credit provider will need to test the data using some simple data validation such as:

1. Ensure that all mandatory data exists.
2. Ensure that each data element follows the required format. E.g., dates should be in DDMMYYYY format where DD denotes day, MM denotes months, YYYY denotes year and there are no special characters.
3. Crosscheck a field with other fields or records. E.g., if a loan is secured, then the loan should have corresponding collateral records. The number of stakeholder records for an account should equal the “number of stakeholders” declared in the non-individual (institution) record.
4. Ensure that there are no orphan records. Accounts should be linked to its owner (individual or non-individual). Guarantors, collaterals, and stakeholders should be linked to the right accounts by ensuring that the guarantor, collateral, or stakeholder record has the correct identity link (account number, client number, etc.) to the account record.
5. Ensure that all applicable accounts are reported by checking the sum of details against aggregates. For example, the sum of all the balances should equal the lender’s total outstanding loan portfolio less write-offs.

Ideally these validations could be repeated after each data extraction to ensure that data submitted has a minimum error rate and therefore higher probability of being accepted by the CRBs. Currently the CRBs are working on a common validation tool that automates these checks and then once a threshold has been reached, will allow the provider to submit the data directly to the CRBs.

After validating the data for errors, it is time to correct as many records as possible. This is a process known as data remediation. If the errors are those of incompleteness, further work will be required to identify the missing records or missing fields. If the errors are related to data inaccuracy, staff will need to revert to original sources to verify the information.

In any case, it is common practice that the error is first investigated in the IT department. Is the data in the MIS? If so, the data extraction tool has to be fixed to be able to extract the data. If not, the data has to be traced back to where it is encoded. This can be in a centralized processing department or at the branch and in some cases, even at the field. This process has to be mapped out to ensure that persons involved are aware of this task and of the timing involved.

This process has to be repeated until most of the data records pass the validation tests indicating that the data extract conforms to the data specifications. I.e., that all mandatory fields are provided and all data are in the right format.

6.1.3. Test data submission

Once the data and the data extraction program are complete and validated, the credit provider should test data submission to the CRBs. The CRB validates the data before uploading them onto the CRB database. Ideally, the CRB validation is the same as the credit providers' so that credit providers are able to correct their data before submitting to the CRBs.

The data submission rates are measured in 2 ways: 1) Submission Rate and 2) Acceptance Rate. The Submission Rate refers to the number of unique customer accounts submitted to the CRBs and Acceptance Rate refers to the percentage of the number of records accepted (with no errors) vs. the total number of records submitted. The ideal acceptance rate is a 100%; however, most credit providers cannot achieve this rate because there are legacy (or very old) data with questionable quality as part of the credit providers' portfolio.

Ideally the submission rate should be a percentage of the number of accounts reported over the expected number of accounts. The expected number of accounts can be calculated based on the organisations total number of loans and total portfolio. However, this requires that a separate entity (other than the CRB) has access to this information. For banks, this can be the Central Bank of Kenya (CBK) as they have the bank's monthly performance reports and hence will know the total number of credit records per institution. For other organisations that are not regulated, the submission rates may be harder to measure although industry bodies, i.e. the Association of Microfinance Institutions (AMFI),

should be able to provide. Where CIS participation is voluntary, the Code of Ethics should specify the target submission rates for providers so all are clear on the expectations for submission.

6.1.4. Build IT infrastructure and secure data

Once an organisation decides to participate in CIS with electronic data capture and transmission, it is important that basic IT infrastructure and data security be built to protect customer data and to ensure continuous CIS participation. To be able to participate in CIS, the following minimum IT infrastructure is required.

- Basic IT infrastructure with Internet access
- Secure data storage
- Secure data access
- Secure data transmission

Basic IT infrastructure with Internet access

CIS participation means submitting data and querying data from CRBs on a regular basis. To do this efficiently, it is best to have data stored electronically and then automatically extracted for submission. This will now require investment in basic IT infrastructure.

A basic IT infrastructure, small or big, will require computers. If more than one computer is necessary, then these computers should be connected in a network for easier maintenance and for centralised data access. Computer and computer systems should be secured. All computer systems should be regularly maintained with the latest stable operating system updates and should have updated anti-virus software. Furthermore, the credit providers' computer systems should be firewalled from public access.

To be able to access CRB data efficiently and in real-time, credit providers will need reliable Internet access. To have fast and secure connectivity to the CRBs, this may mean having a business Internet Service Provider (ISP) line that will allow direct connection with CRBs. For organisations that will require real-time access to CRB information, a redundant Internet connection may be necessary, which means, the credit provider have to acquire a 2nd ISP, which can be used if connectivity is not available from the primary ISP.

Secure Data Storage

The ideal practice is to centrally store data in an encrypted location with off-site backups. This practice ensures that in the event of theft or disaster, consumer data remains secure. With the increased information being collected through CIS, organisations are now storing very sensitive information. Treated carelessly, organisations can be vulnerable to litigation and reputational risk. Beyond those risks, it is a solid business practice to secure data to minimise operational interruptions.

Organisations are strongly encouraged to encrypt all their individual systems, especially laptops and desktops to ensure data protection.

Secure Data Access

Data access happens at multiple points in the CIS process. Credit officers may need access to the MIS to enter new applications or process new loan requests from existing customers. The IT staff may need to access customer data to extract it for submission to the CRBs. Management may access the MIS to create reports and for decision-making. All these multiple access points require careful system controls to ensure that each person is accessing only the data that they have a clear business need to view.

These controls are important to help protect the organisation because each access point is a potential vulnerability for the system. For CIS, organisations need to ensure that only authorised users can view the inputs to the CRBs and the credit reports returned. Strong system controls in the form of user access rights and roles are the typical mechanism of ensuring this level of security and should be reviewed in this stage of implementation.

Secure Data Transmission

Data transmission is another potential security risk. Data should ALWAYS be sent to CRBs in encrypted format. Many CRBs provide a portal or centralized location in which to transmit data. However, in the event that they do not, or those systems are down for any reason, organisations may be required to submit data through removable media such as a CD or USB flash drive.

Organisations are encouraged to make use of available encryption software. Different software is available, both on an open-source (free) basis and commercial basis. Credit providers should evaluate individual needs and make the best decision for them.

6.1.5. Define data submission process and data quality control

The submission of data also requires organisations to think through their internal processes with respect to CIS. Questions such as who will be responsible for data submission and when data will be submitted must be answered. From a timing standpoint, data must typically be submitted by the 10th of every month for the previous month. If the organisation waits until the 10th to begin thinking about the process, it is already too late.

Ideally, organisations will have a daily process to update accounts and at the start of the month, they will begin the data preparation process of extracting, validating, and remediating the account data so that they can submit data by the 10th (Kenya's CRB deadline). Additional considerations need to be made to account for weekends, holidays, and periods of staff leave so that data is always submitted in a timely manner. This implies that the organisation should create an internal process map for CIS and train multiple staff members to be proficient in the process in the event the primary staff member responsible is absent for any reason.

Aside from defining processes for on-time submission, data quality controls should also be defined. The following is a list of guidelines for data quality controls that are applicable to CIS.

- Data should be entered onto the system with the shortest possible delay. This ensures that the MIS remains up-to-date and that there is minimal time lag in extracting reports. In CIS, it is important that loan information, especially repayments are recorded with the correct repayment date before data is submitted to the CRBs. I.e., it is important that customers who pay on-time are recorded and reported as such for establishment of accurate good credit history. Likewise, the customer should not be reported to be in arrears just because repayment data is not recorded into the MIS on time even if the payment has been received earlier.
- Data should be entered as close to the source of information as possible. This allows for data to be verified and corrected immediately. For example, if a customer can apply for a loan on-line. The customer can ensure that his/her profile and loan data are accurate. If on the other hand, the customer has to go to the bank to apply for a loan, the Loan Officer can encode data on the spot and ask the customer to verify encoded data before processing.
- Data encoded should always be validated. There should be a person to validate the data entered into the system. For loan application, this can be the customer himself if he/she is present during data encoding. If not, this can be the assigned Quality Assurance personnel. For loan application and customer registration, data encoded should be compared against the original forms. For loan repayments, the Loan Officers and/or Portfolio Managers should be able to verify data accuracy through regular review of the Arrears report. Loan Officers who have knowledge of their customers should know if someone is in arrears or not and can easily spot if there are incorrect overpayments, underpayments, or non-payments through the Arrears report.

- The data extract program should include automated data validation checks as described earlier. These validation checks test for conformity to the data specifications and for technical data integrity.
- CIS data extract should be validated for accuracy prior to submission to CRBs. Theoretically, if all data encoded is reviewed on a regular basis; there should be minimal data inaccuracies at the time of data extraction and submission. However, it is best to do this final check in case there was a lapse in data quality assurance compliance. For full-file data sharing, it is impossible to review all account records. The best way to ensure data accuracy is to sum all outstanding balances and compare it to branch or companywide performance report. It is also best practice to review all negative information or loans in arrears. For big organizations with multiple branches, it is best to send out the extract to the branch and have the Branch Manager review and sign-off on the report.

6.2. Legal

In CIS implementation, there are 4 compliance or legal tasks that most credit providers will have to perform:

1. Get consent/acknowledgement from customers to share and use information.
2. Educate staff and have those who have access to customer information sign a non-disclosure agreement.
3. Design and implement a dispute resolution process.
4. Ensure that IT systems adhere to required digital security standards for CIS.

The first and third tasks are discussed here while the second task, educating staff, is discussed under Communications. The fourth task, ensure data security, was discussed earlier under Data and IT.

6.2.1. Amend and deploy loan contracts

As part of Consumer Protection, the loan application must be changed to include an important clause: consumer consent or acknowledgement for having its information shared and for the organisation to request a credit report from the credit bureaus. Consent is required for voluntary participation and Acknowledgement is required for mandatory participation in CIS. Some may argue that getting acknowledgement is optional as the law mandates participation in CIS. However, consumer protection requires customer information privacy and protection. Furthermore, there have been cases of bank customers filing complaints that they were *not* informed that their information would be shared. It is therefore seen as best, mandatory or not, to have customers informed and provide acknowledgement that they have been informed of CIS.

This is an important statutory requirement in many markets, including Kenya. This clause must inform the customer that the organisation intends to pull a credit report from the bureau and that the report will be used as an input in the loan appraisal process. *It is important that the clause is not buried in fine print, but is clear on the application form.* The contract should also state clearly that the credit provider will not be liable if an adverse action is taken based on information obtained from CRBs or information shared by the credit provider. This is to cover the legal risk that may arise once a consumer is denied a facility based on information submitted or obtained by the credit provider in that regard.

A secondary way to ensure this is evident to the customers is to also include this clause on the account opening forms. Both the application and the account opening forms should require positive customer acknowledgement via signature and even initials next to the clause. A well-done application form may have a clause to the effect:

"I have read, and understand that [Credit Provider XYZ] will obtain a copy of my credit report from a credit reference bureau and may use the information on file to make a lending decision."
_____ [customer initials]

If a loan is approved, prior to disbursement, customers should have to sign an agreement stating that they understand the credit provider will report their performance information, positive and negative, to the credit reference bureau. Such a clause may be split into two to ensure customers understand the full ramifications of CIS on their personal account.

"I understand that [Credit Provider XYZ] will report my account performance to credit reference bureaus. This will include all payments made to the account and the current account status at the end of each month, or any other information that may be required." _____ [customer initials]

"I understand that failure to pay my loan with [Credit Provider XYZ] will be reported to credit reference bureaus and that future lenders may use that information negatively against future loan applications. I also understand that paying my loan on time will build a strong credit history that will signal I am a responsible borrower" _____ [customer initials]

To ensure that the customer acknowledgement/consent clauses are comprehensive and adequate, it is best to consult a legal advisor to review the clauses. For credit providers with no access to legal advice, KCISI has a legal advisor who can review these clauses by request.

Reaching all customers, new and existing

Getting consent and acknowledgement for new customers is the easier part of this task. Once the loan and customer acquisition forms have been updated, the loan officers will only have to explain CIS to the new customers, ensure they understand, and that they sign or initial the clauses. It is best to start this as

soon as possible as it will be harder to reach and discuss with existing customers, as they have been able to get loans before without agreeing to share their information.

Full-file information sharing means that all existing borrowers with current and non-performing loans, including those with written-off loans will be submitted to the CRBs. This means that credit providers will have to get consent from existing customers with outstanding loans. The best time to do this will be in scheduled meetings with clients. This usually is done during repayment periods when clients come to pay for their loans. For MFIs, this will be the regular weekly or monthly group meetings. For clients who send payments through different means such as post-dated checks and electronic banking, the credit providers will have to find ways to reach the customers. The easiest way would be mail but this does not guarantee that the customer will return the letter of consent or acknowledgement. For all practicalities, it may be best to send in a representative to reach these customers who will also be able to answer their questions regarding CIS and have them sign the consent/acknowledgement on the spot.

It is important to note that getting consent/acknowledgement is not just a matter of getting signatures but also of educating the customers. Use this opportunity to explain the benefits of CIS to the customers, and ensure that they understand its implications, before asking them to sign.

6.2.2. Establish dispute-resolution process

Customers who get an unfavourable and inaccurate credit report are likely to contend the credit report. KCISI is currently establishing an alternative-dispute resolution (ADR) process that will provide a free, accessible, and independent Ombud to mediate between customers and credit providers. When this becomes a reality, Credit Providers will need to add a mediation clause in the above-mentioned CIS clause that dispute-resolutions should go through the appointed Ombud before it can go to legal courts.

More importantly, whether disputes will be settled through the Ombud or the legal court, the credit providers should first attempt to resolve the issue by investigating the issue and correcting the information if it was indeed inaccurate. The credit provider should provide a channel for customer complaints, such as the tellers, phones, or a web site and should also assign a competent personnel to handle the complaint. Complaints should be logged and monitored and should be part of a senior's manager's key performance indicator. While zero complaints cannot be achieved, a fast and satisfactory resolution can be the goal. ***Appendix 7 shows a possible workflow for dispute-resolution*** as recommended by KCISI Consultants engaged to design an ADR mechanism for CIS.

6.3. Communication

One of the most critical areas of implementation is to educate customers and staff on the CIS process. This is one of the areas where it is important to follow the recommended sequence of educating staff

before educating customers. If staff do not have adequate buy-in, then customers will be poorly educated. When staff understand the importance of CIS to the company, and more importantly to customers, they can act as powerful advocates of CIS and help change customer perceptions. Organisations that are more proactive in this area are more likely to reap the benefits of positive consumer awareness.

6.3.1. Create a Communications Plan

A communications plan is similar to a work plan in that it also establishes accountability. The organisation should put someone in charge of executing this plan even though that person may have a team assisting with the implementation.

A well-designed communications plan should be a priority for credit providers. This plan is needed to ensure that the company operationalizes its objectives effectively. An effective communication plan answers the following questions:

- a. What are the key messages/objectives?
- b. What are the communications channels to be used (e.g. newspaper, TV, in-branch, etc.)?
- c. Who is the target audience?
- d. What should be the frequency of communications?
- e. What is the right timing?
- f. What is the budgetary guideline?
- g. How is success measured?

Each of these elements is addressed below.

Setting communications objectives/messages

Any good communications campaign should set out objectives at the beginning. Organisations should base their objectives from the results of the communications assessments. Ideally, organisations will align their key messages with their internal organisational priorities and the larger priorities of the CIS initiative.

Choosing communication channels

There are many communications channels credit providers can choose from to get their messages out. The most common include newspapers, television, flyers, banners, billboards, social media, and in-

branch or store locations. Each of these channels has benefits and drawbacks. The main trade-off has to do with reach vs. cost.

For mass media campaigns such as newspapers, televisions, and radio, it is best to do a campaign as an industry or as an association as the reach goes beyond ones' customer. Strategically placed and distributed banners and flyers can be effective especially if an institution has a specific geographic focus. They're relatively cheap to get designed and produce, making them a cost-effective option for smaller organisations. For high-touch institutions, such as microfinance institutions, the best approach will be to take advantage of existing avenues of educating the customer such as the regular group meetings.

Setting Communication Frequency

How frequently should an advertisement run? How long a banner should be displayed? Choosing the frequency of communication is an important decision and one that has a cost implication. Beyond the cost consideration, the importance of frequency speaks directly to the communication objective. With an initiative as new as CIS, it is more likely that credit providers will need to dedicate themselves to educational efforts for a sustained period of time. As customers learn more and more about CIS, these education efforts can decrease or be adapted to organisation-specific initiatives and products.

One effective medium that lends itself to regular frequency is the newsletter. The KCISI project team has issued a periodic newsletter since its inception. A newsletter is a good choice for organisations that want to keep their stakeholders continuously updated on CIS and efforts within the organisation. It is easily created and can be distributed within the lender's physical offices making it cost effective. With a little time and preparation, newsletters are a valuable tool. See [Appendix 8](#) for a basic example of what a **newsletter** can look like. Note that newsletters can simpler and shorter than this example.

Choosing Timing

Closely related to frequency is timing. This has to do with both sequence of communications and with the appropriate times for messages. The importance of starting with staff has already been emphasized. Organisations though, must also think about the right time to roll out various communications, taking into consideration national holidays, external events such as festivals, and other factors, which can increase or diminish message effectiveness.

Understanding Budgetary Guidelines

Each component of the communications plan should be accounted for financially, including staff time. Some of these components will be easy to cost such as quotes from media vendors. More difficult is staff time, especially when senior staff are involved. The process of creating the budget forces the organisations to think through the level of effort involved and whether or not enough time is being devoted to education.

For some organisations, involvement by senior staff is critical – such as the president of a SACCO. For others, it may be minimal. Allocating their time in the communications plan ensures that the communications lead understands who is involved, to what degree, and perhaps most importantly, to secure their time well in advance.

6.3.2. Educate Staff

The central rationale for CIS is improvement of credit markets, expansion of access to finance and a reduction in institutional risk. These are all noble causes, but the reality for many frontline staff is that these are secondary or even tertiary concerns. In other words, staff members have very different tangible concerns – and incentives – than the architects of CIS. Understanding these dynamics and incentive structures is central to any successful staff training effort.

Organisations are therefore encouraged to focus their efforts on showing staff how CIS *specifically benefits individual positions*. Examples could include demonstrating how CIS may enable higher application processing rates if their compensation is tied to loan volume. For IT staff, the incentives will lie around rewarding efforts undertaken for a special project – and a bonus pool should be created for this purpose. Many IT staff may also appreciate the additional professional challenge and development opportunities depending on their personal interest and staff level. Managers and the executive team in theory will also benefit more directly from the CIS through improved metrics such as portfolio at risk, increased lending volumes, etc. Yet, it is also important to emphasize in these education efforts that these benefits are mid- to long-term since in early stages, this process will likely involve more pain than gain for staff members.

Aligning training to the Staff roles also helps to educate them more in terms of how CIS affect the organisation. For example, where a marketing staff member would be trained on the benefits of CIS to the customer and hence help them sell the ideas to their customers, while the Credit staff member would understand how CIS enables them identify and classify customers in their ability to repay the loan and improving the loan book.

This way the institution could develop a general training program for CIS for all staff, and then develop a more detailed program for specific departments tailored to the functions.

6.3.3. Educate Customers

Consumers who are affected by CIS at this point (2012) in Kenya's CIS initiative are likely to be negatively listed on CIS for one reason or another. These consumers are likely to play a large role in perpetuating myths about the system. Fortunately, most of the market has yet to learn about CIS and its effects in the market. This represents an opportunity for organisations to educate the customer about the benefits.

Customer content will also be different from staff and affected by customer dynamics. In the first phase of Kenya's CIS effort, from 2008 to 2012, the main focus has been to educate consumers about the benefits of good credit and the importance of maintaining a good financial history. For any consumer who has either read a brochure on CIS or been personally affected, these promised benefits still seem far away. After all, virtually no lenders have changed their practices to positively benefit consumers. There is a small risk of customer disillusionment with CIS until the first set of products driven by this effort make an appearance.

KCISI has developed industry-wide theme for CIS communication. Organisations should follow KCISI's guidance and make decisions about how their internal objectives and priorities fit into these themes. They are then free to craft an individualized communication plan that is customised for the organisation but also reinforces the larger industry messages.

Educational Resources

Organisations have many resources at their disposal in creating a communications plan. This section lists only a few of what may be available.

National Forum on CIS

The National Forum of credit providers is establishing the Kenya Credit Provider's Association. This forum and the subsequent KCPA will provide communications materials that can easily be used by the different credit providers in their communications efforts. Additionally, the can provide continued guidance of effective strategies based on the experience of the industry. See [*Appendix 9: Sample Consumer Brochure*](#) for an example of some of the material that the KCISI project has produced.

Business Community Visits

One of the most effective channels of communication is business community visits. These are joint visits involving the industry and members of the Kenya Credit Information Sharing Initiative that travel around the country to inform consumers and local government about credit information sharing. Organisations should take advantage of these visits when they are next scheduled. Additional information on business community visits will be provided by KCPA.

KCPA Workshops

Workshops targeted towards credit provider staffs will also be scheduled by the national forum (soon to be the Kenya Credit Providers Association or KCPA). These are another excellent cost effective way to provide education to staff about the initiative in general and meet other potential industry peers who can be a valuable resource.

Credit Reference Bureaus

Credit bureaus have a strong incentive to ensure the success of CIS. As such, many of them are willing to speak with individual providers or conduct workshops to educate the market. Organisations should feel free to contact the CRBs especially in areas where there is uncertainty with respect to various aspects of CIS.

6.4. Use of CRB

By the time organisations reach this process, they should breathe a sigh of relief – the hard work of submitting data has been tackled. Now it is time to start reaping the benefits of CIS. To properly do so, an understanding of the user of CRB reports is necessary. This is then followed by a complete evaluation of an organisation's business processes to integrate the use of CRB information and then testing the connection to CRB and the newly defined processes. Lastly, at any point that the credit provider is ready, the credit provider needs to contract with CRB(s) to be able to access credit information.

6.4.1. Understand the CRB reports

Credit Bureaus collect consumer information from a variety of sources including banks, microfinance institutions, SACCOs, utilities and telecommunications firms. They use this information to facilitate the sharing of information among different users – many of which provide information into the system.

The primary mechanism for sharing this information is through a consumer credit report or the CRB report. This report will contain the customer's credit information. This credit information will come from different credit providers, including utility companies, and retailers and will list the clients' loans and repayment history. **Appendix 10 shows a sample credit report.** This information is straightforward and is used primarily to:

- Calculate the customers' capability to pay a loan by comparing the customers' current loans and recurring utility payments vs. income.
- Assess clients' credit behaviour by reviewing the customers' repayment history. Does the customer always pay on time? Does the customer pre-pay or overpay?

In a mature CIS, a credit report can contain a credit score. The score is made out of different indicators such as income, age, residence, type of job, and financial history. An analysis is done on existing data and understanding which factors/indicators can predict credit behaviour. After the indicators are identified, another statistical study is done to understand the impact of these indicators. After that, weights are assigned to indicators to form a credit score. The credit scoring mechanism is then tested against past data to see if the scoring mechanism could have accurately predicted the performance of previous loan applications. At a minimum, 7 years of historical data is needed to be able to create a reliable credit scoring mechanism.

It is vital that credit providers understand the CRB reports and knows the different ways they can be interpreted in decision-making. For credit providers who have not used CRB information before, it is best to seek training or a Consultant for the initial integration of CRB data in credit risk management.

6.4.2. Integrate CRB into business processes

The credit department is usually responsible for setting loan appraisal underwriting criteria, creating exception policies, and in smaller organisations, the risk management function. Each of these is impacted by CIS as described below. The head of credit is therefore responsible for understanding CIS in detail and evaluating and re-tooling internal processes to deal with CIS. In initial stages, this may only mean acting as the project champion for CIS within the organisation and perhaps leading the organisation's internal task force for compliance. With time, this department should take an active role in leading policy evaluation and revision.

The loan appraisal process includes the creation of the loan application form, evaluation of the credit application, and approval. If necessary, additional evaluation may be necessary if loan amounts fall above a certain limit or if the application appears to have risk factors that merit further consideration. Before CIS, the application form has been fairly straightforward.

After CIS, the loan application (and for some, account opening forms) must be changed to include an important clause: consumer consent or acknowledgement. This will be the first tangible change in forms and processes and was discussed earlier under the Legal section.

Once legal compliance is addressed, the next step is utilizing the credit reports. The first questions to answers are who, what and when. Who will access the credit report? What type of loans will include CRB information for its appraisal? When should the credit report be accessed?

Just like most business case, this can be answered by weighing the cost vs. benefits and thus, where a CRB report is affordable and significantly reduces the loan risk; a credit report should be purchased and be used in the loan appraisal process. In mature markets, the CRB report is used for all loan applications because the customers' credit score is used to price the loan or to provide a competitive interest rate.

The answer as to who will access the credit report lies on existing credit processes. The staff and officers who appraise the loan should ideally have access to the credit reports. The first person to make a recommendation on the loan should have the ability to query the CRB. Credit providers who are used to decentralised processing can continue to do so, and provide CRB reports to loan officers at the branch, while credit providers with centralised processing, will mean CRB reports will be accessed from the head office. Lastly, organisations that have a tiered approval process wherein loans are approved at different levels of the organisation based on the size of the loan should provide the credit report at all levels of approvals.

At which point in the loan appraisal should the credit reports be accessed? Where information is cheaper than labour cost, the answer is right away. Logon on the CRB web site, pull up the information on the customer and loan officers can decide to proceed with a loan application or not based on the organisation's loan policy. This should save the loan officer's time in reviewing documents and conducting reference checks.

After a credit organisation has received a credit report, there are a few decisions to make. If the report is in good order, indicating that the customer has few debts and a good repayment history, the organisation can then evaluate the application according to its internal underwriting criteria. If the report indicates over-indebtedness and or previous default, the process can either be revised for automatic decline or higher review. In cases where the customer has existing loans from other credit providers, the organisation has to provide guidelines on how to treat this information. How much loan can a customer with a KES 100,000 monthly income afford? What percentage of loan servicing compared to total monthly income is acceptable?

Once retrieved, credit reports can be shared with different personnel involved in the loan approval. A printed credit report should be filed with the customer's application form while an electronic form should be saved in a secured shared drive where only the appraisers/approvers have access to. In an ideal environment, where CRB access is integrated with MIS, the credit report will be attached the client's loan within the credit providers' MIS.

Due to the increased sensitivity in the market that the CRBs are a blacklist, credit providers are encouraged to treat negative reports with special attention. The final lending decision may still be a decline, but credit officers should be trained to carefully and systematically explain to rejected customers why they are not receiving credit. If the problem is over-indebtedness, the lender can encourage the applicant to come back after clearing some debts. If the problem is serial default, indicating a higher risk, the lender can instruct the customer why this has happened. Efficient organisations will likely create customer brochures or letters designed specifically to address this situation. It is advised that lenders send personalized letters to customers informing them of the reason for declining the application and having customers sign those letters indicating receipt for future protection from litigation.

Exceptions

The credit department is responsible for creating exception policies. These are policies that come into play when specific applications fall outside the normal lending criteria of a credit provider. Careful consideration of the organisation's priorities and risk management approach should inform these exception policies, as there is not a one-size that fits all.

6.4.3. Test CRB query and processes

Querying the CRB database can be done via requesting the report via phone, fax, or the Internet. The most secure, efficient, and faster will be the use of the Internet. Prior to contracting with CRBs or buying a CRB service, it is best to try the different modes of access to the CRB information and validate the turn-around-time for the request. It is best to try querying the CRB at different times of the day for at least a week to ensure acceptable customer service and reliable data access.

It is also best to test new credit policies and processes related to the CRB integration. If a credit policy is written to approve or reject a loan based on specific repayment behaviour, the policy should be back tested with old loans. For example, if a credit provider decided to automatically reject a loan application if a client has been late 3 times on its loan repayments, it is best to check against existing data if this behaviour actually leads to a bad loan.

Aside from this, the change in process can be tested in 1 or few branches for practicality and effectivity prior to rolling out to all branches. This will help in ironing out the process and building a case for acceptance of the change.

6.4.4. Contracting with Credit Reference Bureaus

Credit providers have a dual relationship with credit reference bureaus. As information providers, they are a valuable input for CRBs. As consumers of information, credit providers are also customers for these CRBs.

Of particular importance in this section is the formation of the commercial relationship with the CRB – becoming a CRB customer. This process is fairly straightforward and involves contacting a CRB and enquiring about their products and rates. CRB's will cost their services differently. However, both CRBs operating in Kenya require that organisations prepay for a certain number of units of information. For example, an organisation may purchase 10 units for KES 1,000. This may entitle them to receive 5 credit reports whereby each report costs 2 units. Because the bureaus are in competition with one another, their reports may look different and provide different information. Also, different reports within a bureau may contain different information and be priced different from a standard credit report and therefore use more units and thus costing more.

Organisations should contact the individual bureaus. This process requires that organisations estimate their reporting needs in advance which will typically involve estimating monthly or quarterly loan volumes. Individual organisations contract with CRBs independently and negotiate pricing terms based on their ability and needs.

Aside from the price, credit providers should look at the following when selecting a CRB:

- Robustness and usefulness of the credit reports
- Reliability and accessibility of the credit reports
- Level of customer service

6.5. Project Management

The CIS Implementation is just like any other project that requires key Project Management principles. Some of which, defining the project, establishing goals, planning, and obtaining resources have already been discussed as part of the initiation and planning stages. The remaining part of which, are project monitoring, issue-resolution, and keeping all stakeholders informed and engaged through project status reporting.

6.5.1. Project Monitoring

Project monitoring is as simple as reviewing the accomplished tasks vs. the project plan, the budget vs. the actual expense, and last but not the least, reviewing the quality of the outputs of the project. These are the three basic restrictions of a project – time, resources, and quality.

The most effective way of reviewing accomplished tasks is by setting regular project status meetings whereby task owners report their progress on their tasks. When tasks are not completed on time, it is important to understand the cause of the delay and work with the team to put the project back on time. In monitoring the budget, the Project Manager can view the budget as a whole and re-allocate monies when necessary, if there is an eventual need for more money, it is best to raise this to management the soonest, and should be very well justified. Project deliverables should be reviewed for quality and should be reviewed on an-going basis and not just in the end. In fact, it is best practice to review unfinished products as soon as possible to verify that it is on the right direction.

6.5.2. Issue-Resolution

Issues will always arise in any project. The soonest the issues are raised; the soonest they will be addressed. The PM should encourage open communication in the team and should be careful to address issues as constructively as possible and to uncover the root cause of the issue vs. who to blame. Issues should be recorded and monitored as part of the regular project meetings.

6.5.3. Project Reporting

Project status reports should be written and delivered regularly. It should include accomplishments, issues, and next steps. If written for Senior Management, it should also include the state of the budget. Good project reports should clearly show the state of the project. Some use color-coding: Green for on time, Orange for significant issues, and Red for when the project has a risk of failing. Project reporting is used to inform all stakeholders of the project progress and therefore should not be done only for senior management but also for staff and external stakeholders.

Project reporting can be done through scheduled meetings just for the project but most of the time is included in already set regular meetings such as general staff assembly, executive committee meetings, and board meetings. Project updates can also be included in any existing company circulations such as newsletters.

7. Closing

The project closing involves a post-project assessment and planning for maintenance of the project output, in this case, the continuous participation to CIS.

7.1. Conduct post-project review

The post-project review compares the project outcome against project goals, the project output against project deliverables, and the actual cost vs. the budget. Some more elaborate project reviews contain feedback from team members regarding the project implementation and feedback from end-users/end-customers of the final product. The former provides project process improvements, while the latter provides insight to possible product/service enhancements.

To measure the outcome of the project, applicable assessments conducted at the start of the project should be conducted again at the end of the project. For example, the staff and customers CIS perception can be compared to see if there is a positive change in perception. Post-project reviews should include the review of goals and deliverables from the different workstreams – data and IT, legal, communication, and use of CRBs.

The last part of the post-project review includes the recommendations for process improvements, lessons learned, and recommendations on how to continue and/or maintain the project deliverables. Recommendations are implemented on the succeeding phase of the project or in operations.

Post-project reviews can be done by the project members themselves but it is best handled by personnel or consultants outside the project. This provides objectivity and more often encourages unrestricted feedback.

7.2. Plan for continuous use of CRB

Successful projects are usually incorporated into regular business operations. As the project ends, responsibilities are permanently assigned to a staff or department. For example, data submission and monitoring will be part of an IT personnel's key tasks, while the use of CRB and its results can be part of the head of Credit's duties. Likewise, on-going project costs such as the changes to the data extract and cost of querying the CRB will be assigned to a department. All of these can be documented in a transition plan or can be incorporated in the company's regular annual planning.

Appendix 1 – Project Charter Template

1. Background and Business Opportunity

Describe the rationale for the project, which for CIS is typically regulatory compliance, enhanced credit risk management, and better product offering through use of customer credit information. The pros and cons of submitting negative data vs. full-file information and joining different user groups can also be discussed here, with a recommendation of the most practical and beneficial configuration for the credit provider.

2. Vision of the Solution

2.1. Vision Statement

Describe the desired project results and how these will be applied in day-to-day operations.

2.2. Assumptions and Dependencies

3. Business Objectives and Success Criteria

Organisational objectives should be set in a structured manner. Well-articulated objectives meet the following criteria: specific, measurable, attainable, realistic, and timely (SMART).

Examples:

Participating in the CIS will result in the following business objectives.

- Comply with <XXX> Regulations of submitting full-file information to the CRBs with <XX>% acceptance rate by <date>.
- To reduce PAR by <x> % by <x> date.
- To automate data submission by <X date>.
- To update all loan forms and customer acquisition forms by <x date>.
- To get 100% customer consent by <X date>.
- To train <X types> staff on CIS by <X date>.
- To increase awareness of CIS and its benefits by <X> %.
- To use credit report in loan appraisal process by X branches by <X date>.

4. Project Scope

The scope of the project is defined here. Equally important is listing what is out of scope for the project.

5. Project Risks

This section identifies business risks that may cause significant delay in the project schedule or potential failure in implementation. Management and the Project team should ensure that these risks are minimized and managed in order to increase the probability of successful implementation.

Business Risk	Risk Probability	Impact	Impact on Project	Mitigation Strategy
E.g. Project will not be completed before required compliance date	Medium	High	<Credit Provider> will have to pay <X> amount to CBK for non-compliance	<ul style="list-style-type: none">• Adequate and detailed project planning• Provide adequate resources• Monitor project closely• Address issues/roadblock immediately
E.g. Project Staffing Constraints	High	High	Insufficient staff resources will cause delays in project deliverables. These delays are costly in the long run.	<p>Management should commit the appropriate staff resources to the project.</p> <p>Management should assess the impact of these assignments to the staff's daily functions and make staffing adjustments to fill gaps accordingly.</p>

6. Anticipated Project Resources

This section lists anticipated project resources. For CIS, the required project resources may include the following:

1. Resource personnel for project management
2. Resource personnel (Credit and IT, at the least) for project implementation
3. Resource personnel for data clean-up
4. Resource personnel or Cost of third-party vendor for development of data extract
5. Legal advice for amendment of loan contracts and staff confidentiality agreement
6. Cost of querying the CRB

7. Business Context

7.1. Stakeholder Profiles

Stakeholder	Major Value	Constraints
E.g. Management	Regulatory compliance Ability to get credit information on demand to support decision making Ability to design products based on customer profile	Board Support, Review, and Approvals Organisational Capacity Budget Staff buy-in Customer buy-in
Credit		
IT		
Front-end Staff (Tellers and Customer Service)		
Customers		
Industry Association (KBA, AMFI, etc.)		

7.2. Project Priorities

In this section, priorities objectives and activities to provide direction on implementation in case not all objectives can be met in the given timeframe.

7.3. Project Methodology

Describe overall project methodology here such as major workstreams and the general order of major activities. Describe also what project tools or approaches will be used to ensure project success as regular status meetings, escalation paths, and progress tracking and issue-resolution monitoring tools.

Appendix 2 - Job Description for Project Champion

The Project Champion should at minimum ensure the following tasks are duly executed before , 20.....

- a) Review the Regulations and identify gaps that exists in their institution vis-a-vis the requirements of the Regulations. He should recommend action points to senior management and/ or the Board of Directors to expedite compliance.
- b) Liaise with the KCISI Project Manager in implementing the CRB framework / action plan in the respective institutions.
- c) Liaise with the KCISI Project Manager in completing the design of an acceptable reporting template.
- d) Assess and determine the Core Information System Technology (Core Software) capability in extracting information and populating the same on the accepted reporting return and/ or ability to interface with other systems held by the credit bureaus.
- e) Recommend where necessary acquisition or upgrade of the information Technology infrastructure that will support information sharing between the MFI and CRBs, noting that the system to be acquired should be versatile and scalable.
- f) Identify and recommend all MFI's facilities terms and conditions that will require amendment to accommodate provisions of the Regulations. This should be in conformity with guidelines that relate to seeking customers consent and simplify notification process to customers to share their information. Some of these amendments may be in the Account opening forms, Loan application forms and facility offer/ acceptance forms/ letters among others.
- g) Liaise with all the internal departments generating information and advise them on the mandatory information that should be captured for purposes of sharing based on the agreed return template. The Project Champion should be cognizant of the fact that the Code of Conduct for Credit Providers Associations provides for positive information sharing.
- h) Spear head sensitisation and training of staff within the Institution. Awareness creation is vital for the success of the entire initiative. This may involve advising Credit officers to obtaining customers CRB's reports before processing of their loan application.
- i) Ensure succession planning in credit information sharing processes within the MFI. Together with the working committee, they will appoint an alternate. The proper records of their proceedings should be kept and deliberations shared with the Senior Management and where necessary the Board of Directors.
- j) The Project Champion will be the contact person with the KCISI Project Manager, the Joint CBK/KBA Taskforce, Central Bank, Internal divisional heads/Senior Management and the Licensed CRBs. All Credit Providers (MFIs) will furnish the KCISI Project Manager, the Joint Taskforce and CBK with the Project Champion's contacts i.e. email address, fixed telephone line number and Mobile phone number.
- k) All queries related to integrity and accuracy of information shared with the CRBs or update to the information will be directed to Project Champion and in his absence, his alternate.

This will also involve ensuring the MFI periodically updates customers' records at the CRBs as customers' make their accounts good or otherwise.

Prior to commencement of information sharing pursuant to CRB Regulations, the Project Champion shall:

- a) Ensure IT, legal and compliance and credit policies relating to data security and encryption, customer privacy, data storage, and transmission are formulated by the institution. Policies should also guide the use of information obtained from licensed credit bureaus for loan assessment and account monitoring.
- b) Coordinate the process of contracting licensed credit bureaus and formalisation of service level agreements.
- c) Ensure the establishment of a robust dispute handling mechanism for prompt follow up and resolution of customer disputes.
- d) Maintain issue log which tracks key changes in data reporting, customer consent, changes in government regulation and usage changes.

Appendix 3– Data Availability Analysis Template

Field	Definition	Captured in paper?	Captured in MIS?	Can be extracted in required format?
Surname	The Family Name or Surname			
Forename 1	The First Name {Can the first name and last name be identified if the MIS captures the name in 1 field?}			
Date Of Birth	Date or Year of Birth of the Customer			
Primary Identification Document	The Primary Identification document provided on opening the account. Options Are: - National ID - Passport - Alien Registration - Service ID			
Primary Identification Doc Number	The Number of the Primary Identification document specified above.			
Telephone Number 1.	The Primary Telephone contact Number in the Form of: CCC-AAA-NNNNNNN Where: CCC is the Country Code AAA is the Area Code NNNNNNN is the Number			
Location Town /village	Town /village of Client's residence			
	Total YES:	0	0	0
	Maximum Yes:	7	7	7
	% Data Availability:	0%	0%	0%

Appendix 4 – Sample Data Accuracy Checklist

Scoring:

Requirement	Description	Score	Notes
National ID exists and are unique	Run SQL scripts that list how many clients with active accounts have NO national ID or duplicate national ID.		
The sum of Individual loan balances matches the loan portfolio as reported in Balance Sheet.	Balance sheet should be previous month's printed report while outstanding loans should be verified from MIS.		
Confirm loan schedule is accurate.	Review Client Schedule of 3 different loan types. 1 in good standing and 2 in arrears.		
Confirm account balances are accurate.	Review Statement of Accounts for the same 3 accounts as previous.		
Confirm Arrears Calculation for the same set of accounts using the same set of reports plus the Arrears report.	Confirm that overdue principal amount and arrears days are correct.		
Client information	3 Random Checks of MIS record vs. Client application form. Review all data but pay special attention to National ID, first name, surname, phone number, and village location.		
Loan information	For the same application forms. Ensure that loan amount, frequency, duration, terms are recorded the same way as in the Application form and/or any supporting documents,		
Guarantor information, if exists	If guarantee information is entered into the MIS system, confirmed that is accurately recorded. Pay special attention to National ID, first name, surname, phone number, and village location.		
Collateral information, if exists	If collateral information is entered into the MIS system, ensure that it is accurately linked to the account or client, and that information is entered accurately.		

0. Data does not exist. Unverifiable.

1. Data has major errors or 2 out of 3 data samples have errors.

2. Data has minor errors or 1 out of 3 data samples has errors.

3. Data has negligible errors or 0 out of 3 data samples has errors.

Appendix 5 – General IT Considerations

General IT Staff Capacity Assessment

Requirement	Description	Score	Observations
When is the final and reconciled monthly operational and financial report usually produced?	Scoring: 0. Report does not exist. 1. Report is produced more than 14 days after EOM. 2. Report is produced within 8 to 14 days after EOM. 3. Report is produced within 0 to 7 days after EOM.		
Personnel assigned to design, develop, and maintain reports has appropriate skills	0. Personnel or skill does not exist. 1. Can execute and distribute reports. 2. Has updated existing reports and created simple reports. 3. Has created several complex reports (5 tables or more).		
Personnel assigned to define and document business and functional requirements has appropriate skills	0. Personnel or skill does not exist. 1. Personnel have knowledge (training) in gathering and documenting requirements. 2. Personnel have experiences gathering and documenting requirements for small projects (3 months or less) 3. Personnel has experiences gathering and documenting requirements for at least 1 complex project (core business functional, cross-functional, more than 3 months)		
Personnel assigned to manage technology projects has appropriate skills	0. Personnel or skill does not exist. 1. Personnel had formal training or education in IT project management. 2. Personnel had experienced managing simple IT projects (less than 3 months in duration. 3. Personnel had successfully managed at least 1 complex IT project.		

Personnel assigned to manage hardware, network, and desktop has appropriate skills	<p>0. Personnel or skill does not exist. Institution has NO basic IT infrastructure in place.</p> <p>1. FI has basic IT infrastructure in place. Institution has functional antivirus, LAN, email, inter-office connectivity.</p> <p>2. FI has basic IT infrastructure in place. Institution has functioning core MIS and using reports from MIS for business decisions. Personnel is able to support core MIS.</p> <p>3. Institution has basic IT infrastructure in place, has a functioning core MIS, and maintains several databases, application, and file servers and inter-connectivity within and across branches.</p>		
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Basic IT Infrastructure for computerized MIS (Excel or software)

Requirement	Description	Score	Observations
Computers are in good condition and on up-to-date operating system.	All desktops should be in supported operating system, Windows 2007 and up. 0. No desktops. 1. Old technology. 2. Mostly up-to-date. 3. All up-to-date.		
Computers have up-to-date anti-virus software	Ask about the anti-virus product and license and ask how all desktops are updated. 0. No anti-virus. 1. Anti-virus software is not for corporate use. (E.g., free, non-enterprise) 2. Anti-virus is not automatically pushed to all databases. 3. Corporate anti-virus is in place and updates are automatically pushed to all computers.		
MIS data is backed-up regularly.	0. No backup or no off-site back up. 1. Data is backed-up monthly and has off-site backup. 2. Data is backed-up weekly has off-site backup. 3. Data is backed-up daily automatically and has off-site backup.		
Is there an IT budget set aside for current financial year?	0. No definite IT budget. 1. IT budget covers only personnel and computers. 2. IT budget covers existing personnel, software, and hardware. 3. IT budget covers existing personnel, software, and hardware plus maintenance contracts and planned projects.		
MIS allows for data access and expansion.	0. Close database. Cannot extract or add data fields. 1. Open database. Data can be extracted. 2. Open database. Data can be extracted and added. 3. Open database and configurable MIS. Data can be extracted and data can be added without supplier intervention.		
Data is available in a consolidated database.	0. Individual client records are not stored in MIS. 1. Individual client records are stored in branch/unit database but not in centralized database. 2. Individual client records are stored in branch/unit database and consolidated in a centralized database on a regular basis. 3. Individual client records are stored in a		

Requirement	Description	Score	Observations
	centralized database.		
Do you have reliable electricity supply?	0. No reliable electricity supply. 1. Reliable electricity supply ONLY at H/O. 2. Reliable electricity supply at H/O with unreliable electricity supply on 1 or more branches. 3. Reliable electricity supply at H/O and ALL branches.		
Do you have reliable internet connectivity?	0. No reliable internet connectivity. 1. Reliable internet connectivity ONLY at H/o. 2. Reliable internet connectivity at H/O with unreliable internet connectivity on 1 or more branches. 3. Reliable internet connectivity at H/O and ALL branches.		

Appendix 6 – Sample Project Plan



Appendix 7 - Sample
Project Plan.xlsx

Appendix 7 – Dispute Resolution Workflow²

LEVEL ONE³

The proposed ADR Ombud should not be the first port of call. The respective lending institutions will need to put in place effective in house complaints procedures with designated trained personnel to deal promptly and efficiently with complaints.

STEP 1

The complaint should be lodged with the institution that gave the adverse information about a customer.

If the customer makes a complaint in the first instance to the CRB, that customer should be referred to the institution from which the information originated.

At the institution, the customer should be referred to the designated staff.

STEP 2⁴

Upon receiving the referral, the designated officer shall follow the following procedure:

Establish from the customer in what specific respect(s) the customer disputes the credit information. The officer will record the complaint and assign a reference number to the complaint.

Initiate investigations to verify the correctness of the information.

In case the information is erroneous or inaccurate, inform the Bureau promptly to rectify the error. If the information is correct, the lending institution must confirm that the information is correct or, if erroneous, correct the error within , or resolve the complaint within 7 working days from the date of receipt of the complaint.

If the customer is not satisfied with the outcome, lodge a complaint with the Credit Ombud of the Credit Providers Association of Kenya (CPAK Ombud).

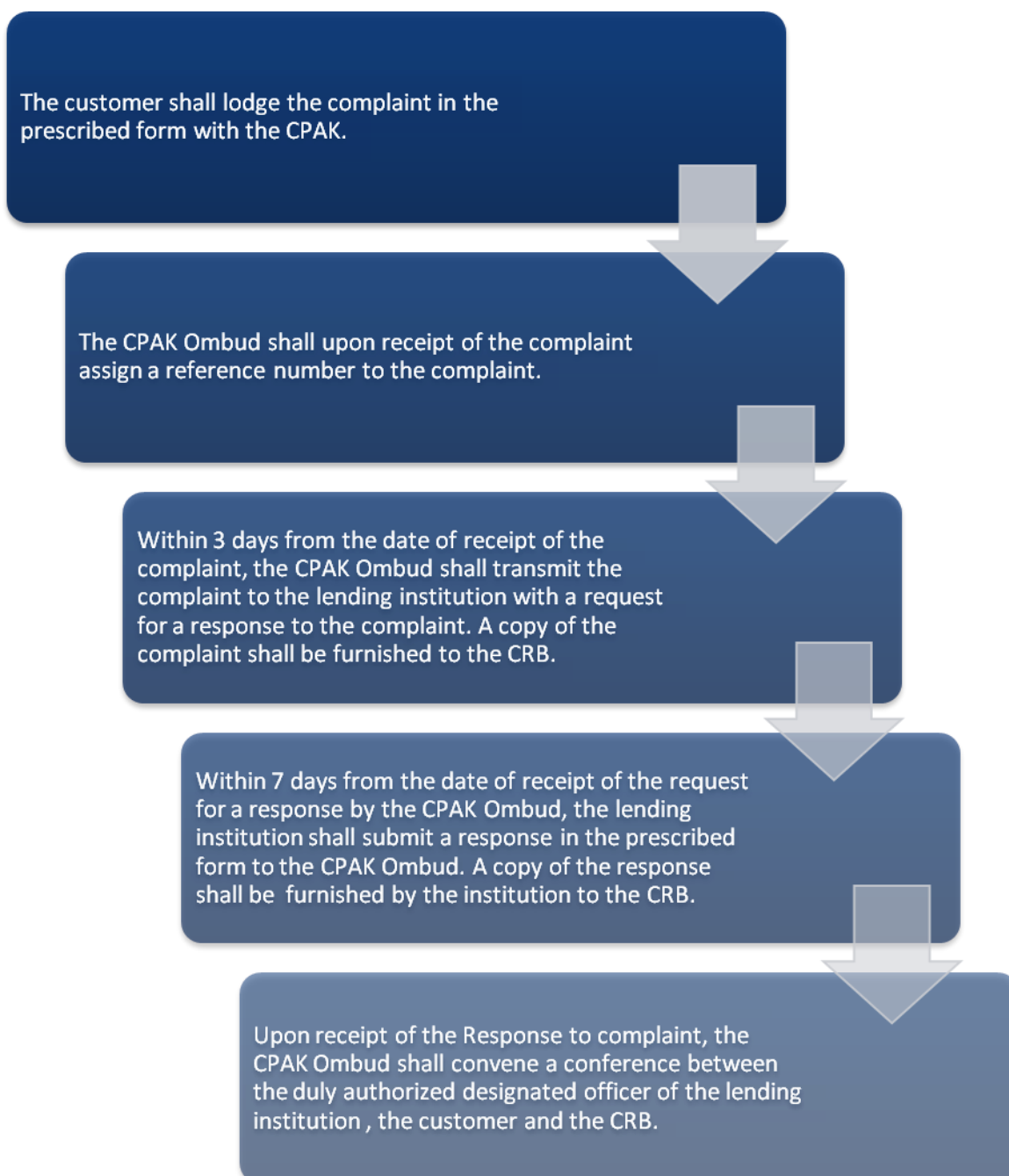
²This Appendix is part of the report “A Proposed Mechanism for Alternative Dispute Resolution”, written by Steven Gatembu Kairu & Anne Amadi as commissioned by KCISI. September 2012.

³This process should be put in place irrespective of whether there is applicable regulation or not.

⁴The CPAK Ombud will be an ADR expert engaged by KBA or CPAK on full time or part time basis depending on the volume and uptake of the process.

LEVEL 2⁵

In the event that the customer is not satisfied with the outcome under level 1, the dispute will be lodged with the CPAK Ombud through the following process:



⁵ This level will require an amendment to the contractual documents by the lending institutions in order to bind the customer to this process. Amendments to the Regulations will also be necessary.

Appendix 8 – Excerpt from KCISI Newsletter



KENYA BUREAU OF ACCOUNTS

KCISI News

KENYA CREDIT INFORMATION SHARING INITIATIVE



ISSUE 3 JAN - MARCH 2011

SENSITIZING CUSTOMERS THROUGH CIS BUSINESS COMMUNITY VISITS

// My son finished his college education, got a good job and got access to a loan from a bank. After a year and a half of promptly servicing his loan during his employ, he lost his job. His mother and I cannot afford to make payments of the balance for him. He is now so frightened, because he has been "blacklisted" with the credit reference bureau. He says he will never get a loan again for the next 7 years, yet he has just only begun working. Other than existing borrowers, potential borrowers – particularly the youth – need to be sensitized on credit reporting issues, even if it will have to be introduced as a part of their curriculum."

This was one among many sentiments from bank customers that attended the first phase of a series of sensitization events, referred to as CIS Business Community Visits (BCVs). These events were jointly organized by KBA, CBK, and CRBAfrica, with financial support from Financial and Legal Sector Technical Assistance Program (FLSTAP) and the participation of FSD Kenya. The visits provided an opportunity to sensitize bank staff, bank customers, and opinion leaders, and by extension the wider public, on the significance of a Credit Information Sharing (CIS) mechanism.

This worried parent packaged his question in a peculiar way, but he did in fact sum it up for the many bank customers whose concerns revolve around the queries: "Will I ever get a loan again if 'blacklisted'? How is CIS beneficial to me? How can I repair my bad credit record in order to enjoy these benefits?" These sentiments are a reflection of the commonly held perception that a CRB is a blacklist for non-performing loanees, and not necessarily a mechanism that supports lenders looking to provide more credit to new customers.

In response, KCISI is now focused on ensuring that, in the near future:



Jared Getenga – KCISI Project Manager

- credit reports demonstrate the comprehensibility of one's credit worth across all sectors.
- our CIS environment meets best practices enumerated in the draft General Principles of Credit Reporting developed by a Task Force of the World Bank and Bank for International Settlements (BIS).

The Governor of the Central Bank has already stated the Government's intention to include all licensed credit providers in this mechanism. Achievement of the **first objective** will lead to Full File Comprehensive Credit Reporting and the introduction of credit scoring. This requires all-inclusive, correct, updated negative and positive data, accurately predict risk and capability to repay debt.

The Principles referred to in our **second objective** are imperative to the development of a good credit market. They describe the nature of credit reporting elements that are crucial for safe, efficient and reliable credit reporting systems, with an intention to provide an international agreed framework in the form of international standards on policy and oversight. They are intended for policymakers, regulators, financial supervisors, credit reporting data providers, credit reporting service providers, the users of such services, and individuals and businesses whose credit histories and identification data are stored in these systems. In the draft, the key considerations concerning credit reporting systems have been broadly grouped around data; data processing; governance arrangements and risk management; legal and regulatory environment; and cross-border data flows.

Benchmarking Kenya's standing against these Principles would aid in mapping a clear way forward on the development of our country's credit market. In light of this, KCISI-KBA, CBK, FSD Kenya, and FLSTAP have together with the licensed CRBs (CRBAfrica and Metropol EA), organized a Regional Conference on Credit Reporting – RCC to be held in July 2011, in Nairobi – Kenya. Taking the lead in the growth of the CIS mechanism, Kenya will be playing host to all East African countries and representatives from developed markets; a forum that will see the EAC share their experiences on CIS alongside new developments in the global credit reporting space and its evolution through different financial markets.

Credit Reporting is a sine qua non with regard to the critical Financial Infrastructure for sustainable economic growth. Our call to all lenders is to embrace the new dawn of Credit Reporting based on best practice ■

Jared Getenga – KCISI Project Manager



CIS's role:
Restoring a bad credit report to full health.



Kenya Credit Information Sharing Initiative



FSD Kenya
Financial Sector Deepening

AT A GLANCE – JANUARY 2011 TO MARCH 2011

1. REVIEW OF DATA SPECIFICATIONS

Template Review: KBA requested member banks to present their proposals on the review of the current data specifications template. A number of banks submitted their proposals in time. The Central Bank of Kenya Bank Supervision team, has reviewed the proposals in consultation with KCISI and CRBAfrica. CBK will now revert with the revised data submission template.

Missing Mandatory Fields: CEOs of all commercial banks were required to submit lists of all their non-performing loan accounts with missing mandatory fields. These were submitted to KCISI's Project Office, together with the template review proposals. The same were forwarded to CBK, for review/ recommendation on a case by case basis.

Submissions in relation to multiple Credit Reference Bureaus: The Joint Task Force of the CIS Project has further mandated the KBA ICT Subcommittee to consider setting up a mechanism where member banks can submit data once, for extraction by multiple Credit Reference Bureaus. KCISI has approached FSD Kenya for funding to use expert advice

on the requirements of this data hub. It is anticipated that progress in this area will be realised soon.

2. CIS BUSINESS COMMUNITY VISITS

CIS Business Community Visits (BCVs) – a series of sensitization visits to different cities around the country – were held in the first quarter of 2011, organized by KCISI jointly with CBK, KBA, and FSD Kenya, with financial support from Financial and Legal Sector Technical Assistance Project (FLSTAP). These were awareness workshops on CIS, particularly for bank staff and bank customers. CRBAfrica also participated in these visits by hoisting tents to carry out open-day campaigns on CIS, with the key audience being the public. Close to 200 people requested for and got their credit reports on site, during these visits. The objective of the BCVs was to significantly increase the number of people that are conversant with the working of the CIS mechanism, by reinforcing key messages on the fundamentals of the system and benefits to users.

Two hour forums were scheduled on each day, with Day 1's audience being bank staff, and Day 11's awareness program catering for the credit



Customer requesting for a credit report from CRBAfrica's Open Day set up

consumer. Discussions held ranged from mundane topics on the basics of CIS to intricate concerns around the roadmap of credit reporting in Kenya, due diligence in lending practices, consumer and data protection, efforts to commence comprehensive data sharing across sectors, as well as the possibility of reforms in legislative and regulatory initiatives that could lead to a faster transition of the CIS roadmap.

BCV – Kisumu (Feb 17th & 18th 2011)

The Business Community Visit (BCV) – Kisumu 2011 was the first of the series of BCVs, and was held on from Feb 17th and Feb 18th 2011, at the Kisumu Hotel, Kisumu. The forums were attended by

162 staff and 244 customers. A day prior to both the staff and customer workshops, two courtesy calls (visits by the CIS team to the opinion leaders of the county), were organized by the CBK Kisumu Branch Manager and his Deputy. These included a visit to the Kisumu Regional Commissioner's Office and the Kisumu Mayor's Office.

BCV – Eldoret (Mar 10th & 11th 2011)

The second awareness program was the Business Community Visit (BCV) – Eldoret 2011 held on Mar 10th and 11th 2011, at the Sirikwa Hotel, Eldoret. The forums were attended by 106 staff and 182 customers. Two courtesy calls

Continued on page 4

FACT FILE

DID YOU KNOW: CREDIT REPORTS YESTERDAY AND TODAY

In the very early days, when people bought things on credit at the general store, the store clerk wrote the purchase amount on a piece of paper that was then put into a "cuff." A cuff was a paper tube that they wore on their wrist.

Eventually, someone had the idea of collecting all of the information from these clerks' cuffs and putting it together for other merchants to refer to before granting credit. The problem was, they only collected the bad information. The data also included character references, employment information, insurance information, and even driving records. There was no verification that the information was correct, and the customer had no

way of knowing where it was coming from. The only groups that could access the information were lenders and merchants. These were known as roundtables, and their scope was limited geographically. This soon proved to be an inefficient way for businesses to protect themselves from bad debt.

In the 1830s, the first third-party credit reporting agencies (CRAs) were established. They were one of the first businesses that were national in scope, and actually functioned much like a modern-day franchise. They were set up as a network of offices across the country.

They differed from the "roundtables" in that they

allowed anyone to access the credit information – for a price. These "branches" paid a percentage of their profits to their CRA central office in exchange for credit information from other locations. When the typewriter and carbon paper were developed in the 1870s, they discovered even greater efficiencies. The information that was accumulated was more widely available, more accurate, and covered a much larger geographical area.

These new CRAs had to deal effectively with four groups: their subscribers, the consumers and businesses about whom they reported, their branch office correspondents, and the general public. Learning to work effectively with and keep these groups happy, as well as competing with other CRAs, helped form the agencies we know today.

KCISI

Kenya Credit
Information
Sharing Initiative

Appendix 9 – Sample Customer Brochure



Many Kenyans experience constraints in accessing finance. FSD's mission is to support the development of inclusive financial markets in Kenya as a means to stimulate wealth creation and reduce poverty.




Growth Fin

CREDIT REPORTING WHAT DOES IT MEAN FOR ME?



FSD Kenya
Financial Sector Deepening

fsdkenya.org • www.fsdkenya.org
4th Floor Kenya Re Towers • Off Rajoi Road, Upper Hill • P.O. Box 11353, 00100 Nairobi, Kenya
T +254 (20) 2718889, 2718814 • M +254 (724) 319006, (755) 319006



FSD Kenya
Financial Sector Deepening

CREDIT REPORTING WHAT DOES IT MEAN FOR ME?




What is credit reporting?

Credit reporting is a system which enables banks to share information about how borrowers repay their loans.

Why is credit reporting being introduced in Kenya?

Where borrowers fail to repay their loans – default – then the banks bear the cost. In order to remain in business, banks are forced to pass on the cost of defaults to other customers through increased interest rates and other fees. Put simply – good borrowers are paying for bad. This is unfair. Credit reporting allows banks to better distinguish between good and bad borrowers. Someone who has failed to pay their loan at one bank will not simply be able to walk to another bank to get another loan. Over time better information on potential borrowers should mean that it will be both cheaper and easier to obtain loans.

Will your bank tell other banks about whether you are paying your loans?

Yes. If you have defaulted on a loan, then your bank must share this with all other banks. This is called negative information. In Kenya, the law now requires that banks have to share negative information about their customers with other banks.

What other 'negative information' does your bank have to share with others?

Banks are required to pass on information if your cheque is dishonoured or if your account is compulsorily closed. Other information that must be reported includes proven frauds and defaults; cheque kiting; false declarations and statements;

relationships, bankruptcies, and liquidations; credit default and late payments; use of false securities and misapplication of borrowed funds.

What if you are a good borrower?

If you have taken a loan and are repaying it regularly and on time, banks can share this information with other banks. This is called positive information. The law allows banks to report positive information that does not hold on it.



How do banks share information?

Banks must pass on negative information to a credit reference bureau on a monthly basis. Any bank that provides such information is also free to request information from a credit reference bureau on a potential borrower.

What is a credit reference bureau?

A credit reference bureau is a company licensed to collect and combine credit information on individuals from different sources and provide that information upon the request of a bank. At present the law only allows information from banks to be combined and only participating institutions can have access to it. Furthermore, banks can only request a report on a borrower who has actually applied for a loan from them.

Such reports help the bank decide whether you as a potential borrower will be able to repay a new loan. If the report shows that you have a 'delinquent loan' – one in which you are no longer making payments – you are likely to be denied new credit.

How safe is this information about you now that it is held outside your bank?

The law requires credit reference bureaus to meet international data security standards in the transmission and storage of information in their custody. Regular data security audits are conducted by the Central Bank of Kenya and bureaus that do not keep data safe must lose their licenses.

Can you challenge wrong information about you given to or passed on by a credit reference bureau?

Customers have the right to view any information about them held in a credit reference bureau, if that information has been used to deny them credit. The law and regulations also set out procedures for settling disputes. If a dispute is not settled within a specified time period, the disputed information will have to be removed from the databases of all credit reference bureaus.

Should you request that your positive information be shared?

Banks and other credit providers use credit reports obtained from credit bureaus as part of the lending decision process. Having only one half of the picture (negative information) runs the risk of it becoming the only deciding factor – a blacklist with the potential of restricting access to credit.

That is why many customers will also want their positive information to be reported regularly to credit reference bureaus. If banks are aware of a customer's good payment history, that customer could benefit from lower interest rates, more terms and/or less collateral. It will be easier to shop around – go to another bank that might offer you better terms. By signing the consent to share positive information when asked to by your bank, you could benefit.

The future

Information from other sources – water, power and phone payment made regularly, tax files and other debts on time paid, court data, etc – can also help banks to assess your ability to pay. Collectively, negative and positive information and the addition of information from other sources is known as full file information and gives a more complete picture of the potential customer.

Once the basic credit reporting system has been established in Kenya, it is hoped that we can move to full file information sharing. With better information about customers, banks will be able to make more informed credit decisions, making credit and improving approval speeds. This will be good news for both customers and banks.



FSD Kenya
Financial Sector Deepening



FSD Kenya
Financial Sector Deepening

POSITIVE INFORMATION
NEGATIVE INFORMATION

NEGATIVE INFORMATION
FULL FILE INFORMATION

Appendix 10 – Sample CRB Report

06 Aug 2010 06:48 PM

CONSUMER CREDIT REPORT
Credit Reference Bureau Africa Limited
All Trade Sectors Credit Report

1 of 3

Report requested by Credit Reference Bureau Limited [Credit Reference Bureau]

PERSONAL PROFILE

CRN: 00000000001

Names: MR. JOHN SMITH KAMAU

ID:*****111111 PIN:*****3884R Passport:***2893

Sex: M Marital Status: SINGLE Date of Birth: 23/03/1969 Nationality: KENYA

Also Known As

MR. JOHN KAMAU NJOROGI

Postal Address(es)

95350, Post Code: 00507, N AIROBI

Physical Address(es)

SUGUTA ROAD , HSE NO.2, KILELESHWA, KENYA

House Type: Not Known

Phones

314140
0733737314

Employment

JAMBO BISCUITS (K) LTD

Postal Address: Box 88299

Postal Address:

Position: REG. BUSINESS MANAGER Profession: SALES

SUMMARY

	Your Sector	Other Sectors
Total Delinquencies	1	1
Total Collection Accounts	0	0
Total Accounts	1	0
Total Legal Suits	0	0
Last Delinquency Date	-	-
Last Collection Account Date	-	-
Last Legal Suit Date	-	-
Enquiries - Last 30 Days	8	0
Enquiries - 31 - 60 Days	0	0
Enquiries - 61 - 90 Days	0	0
Enquiries > 91 Days	0	0

06 Aug 2010 06:48 PM

DELINQUENCIES -Credit Reference Bureau

Listing Date: 21 Jul 2010

Delinquency Date: 30 Jun 2007

Report requested by Credit Reference Bureau Limited [Credit Reference Bureau]

Reference: 95820600000065
 Type: Disputed? YES
 Principal Amount: KSH 500,000.00 Payment Status: PART PAYMENT
 Paid Amount: KSH Date Last Paid: 30 Jun 2007
 Balance Amount: KSH 435,700.00
 Listing Description

DELINQUENCIES - All Trade Sectors

Trade Sector: Higher Education Loans Board
 Listing Date: 23 Jul 2010
 Delinquency Date: 30 Jun 2002
 Reference: K01/1335/98
 Type: Student Loan Disputed? NO
 Principal Amount: 89,000.00 Payment Status: NO PAYMENT
 Paid Amount: 0.00 Date Last Paid:
 Balance Amount: 130,099.60
 Listing Description

FRAUDULENT CASES - Credit Reference Bureau

Incident Date: 21 Aug 2008 Fraud Status: ATTEMPTED
 Fraud Amount: KSH 900,000.00 Loss Amount: KSH 900,000.00
 Incident Details: FORGED PAYSLIP

ACCOUNTS - Credit Reference Bureau

Acct Type: LOAN Principal: KES 4,930,300.00
 Acct Status: OUTSTANDING Balance: KES 2,937,142.82
 Monthly Payment: KES 171,831.38 Terms:
 Date Open: 21 Aug 2009 Limit: KES 0.00

24 Month Payment as at: 06 Aug 2010

AUG 08	SEP 08	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09	APR 09	MAY 09	JUN 09	JUL 09
-	-	-	-	-	-	-	-	-	-	-	-
AUG 09	SEP 09	OCT 09	NOV 09	DEC 09	JAN 10	FEB 10	MAR 10	APR 10	MAY 10	JUN 10	JUL 10
-	1	1	x	x	x	x	x	x	x	x	x

Key:

- Facility not yet assigned
- X Data not submitted
- 0 Full payment not made
- 1 Full payment made

RECENT ENQUIRIES

Trade Sector: Credit Reference Bureau Date: 06 Aug 2010

Report requested by Credit Reference Bureau Limited [Credit Reference Bureau]

Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010
Credit Reference Bureau	06 Aug 2010

DISPUTE STATEMENT*13 Jul 2010*

The said customers' documents were forged by one of his business associates in applying for a facility at a bank. However the case was reported and is currently under investigation

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