DRAFT

CREDIT REFERENCE BUREAU PHASE II

FINAL EVALUATION REPORT

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EXECUTIVE SUMMARY

In the current world the issue of the poverty reduction, due to the increasing disproportion between the rich and the poor, has become the priority on the global agenda to be addressed by the governments, not only in the view of economic stability but in a wider peace process context. Expanding financial inclusion has been proving to be the right tool in this quest, especially when it comes to the emerging economies. This has been being addressed by the Financial Sector Deepening Kenya work as well as its Strategy Brief 2011-2015 publication.

As Christine Lagarde, Managing Director International Monetary Fund, pointed out in her address to the International Forum for Financial Inclusion in June 2014 in Mexico: "Access to finance is a key link between economic opportunity and economic outcome. By empowering individuals and families to cultivate economic opportunities, financial inclusion can be powerful agent for strong and inclusive growth". Increasing access to finance, which translates into provision of financial services to so-called "unbanked", can only be possible with a development of a strong and sustainable financial infrastructure. Important component, I would even refer to it as a fundamental piece, is well functioning credit information sharing mechanism. That theory has been proved by various papers prepared by international organizations like for example: World Bank Group as well as practical case studies from many different parts of the world. There is also correlation between economic development and the advancement of the financial sector and its credit information sharing system (e.g. OECD countries). This is however best described by a simple example, which is also quoted by Mrs Lagarde in the same address: " In Chile, supermarket chains are gradually building credit histories for their unbanked clients. They start by extending small store credit, and expand that credit based on repayment record. These payment histories can translate into broader access to credit. This is financial empowerment in action—especially when combined with measures to protect consumers and financial education to prevent over-indebtedness". The payment history is the basis of any credit information sharing system.

A key part of financial sector infrastructure is the establishment of an effective mechanism for credit information sharing (CIS) to improve the flow of information between borrowers and lenders. In 2008 Kenya's financial sector regulatory framework was amended, mandating the sharing of negative credit information among banks. Recognizing the role of a functioning credit reference system in reducing transactions costs for small and medium enterprise (SME) lending FSD established a project to support the establishment of CIS in Kenya. The first and second phases of this support has now come to a conclusion.

The Kenya Credit Information Sharing Initiative (KCISI) was established within the Kenya Bankers Association (KBA) to develop the architecture for sharing of credit information through one or more private credit bureaus. Driven by a joint KBA/CBK task force and supported by the FSD project, the initiative has made remarkable progress over the period of 2008 -2011. The main highlight for this period was enabling all regulated banks to routinely share negative information on credit.

The second phase of the project started in 2011 and focused on expanding the reach of credit information sharing to the broader spectrum of credit providers, creating financial inclusion with special focus on getting on-board SMEs. The major accomplishment of the Phase II (which ended in December 2014) was enabling all regulated by CBK financial institutions as well as non –regulated entities to share full-file records, meaning adding to negative data sharing the positive credit information.

A project manager was appointed to coordinate the KCISI's work under the oversight of the task force. The initial priority was on ensuring the mechanics of CIS were successfully put in place. A data-sharing template was first agreed among the 43 regulated banks and the Deposit Protection Fund (DPF). Following the licensing of the first bureau, CRB Africa (now TransUnion), in February 2010 series of pilot dry-runs were undertaken to identify and overcome constraints in individual institutions. A second bureau, Metropole Ltd, was licensed in April 2011 and also took part in pilot testing with participating banks. After the initiative went live in August 2010, the bulk of project activity shifted to ensuring the quality of the information in the system and building broader stakeholder acceptance. The two are strongly linked.

Within last four years, the task force had achieved a number of milestones, the most significant of which was getting the agreement of key stakeholders including bankers and regulators (but also allowing non-regulated 3rd parties) to submit full-file credit information. This was made possible thanks to the amendment of Credit Reference Bureau Regulations (2013), which came into force in January 2014 (published in Kenya Gazette Supplement No.3 17th January 2014). This milestone is significant because it releases the full potential of any Credit Information Sharing (CIS) by allowing financial institutions and other stakeholders to benefit from having information symmetry between lenders and borrowers. Other notable milestones included successful pilots with the banks, information campaigns to both consumers and lenders about the benefits of a CIS, and successful (and unique) working relationships between regulators, lawmakers, and financial institutions, resulting in establishment of Association of Kenya Providers (AKCP).

The task force, which initially operated as KCISI developed into formally recognized Association of Kenya Credit Providers (AKCP), which was registered in April 2013, publicly launched in September 2013 and finally became completely operational in January 2015, with its first paid up members. AKCP has been a driving force in this project and proved its importance as the intermediary and the governing force, bringing together credit providers industry.

All the parties met during the evaluation visits expressed their satisfaction with the work of the AKCP led by its CEO Mr. Jared Gatenga and highlighted that without AKCP (supported by its sponsors: CBK, KBA and FSD Kenya) strong involvement and direction it would not be possible to achieve such a spectacular results within such a short period.

All the non-regulated credit providers met expressed strong support for the full-file CIS Initiative. They have been involved in many of the workshops and round table discussions organized by AKCP. Following the banks and the DTMs, the next groups likely to join the CIS exercise are the deposit-taking savings and credit cooperatives (D.T. SACCOs), the credit-only MFIs, since AKCP has done a lot of sensitization in those sectors. Other credit providers would require more attention and relevant strategy to be developed to include them in CIS.

There are still number of challenges remaining to be addressed during the next phase of this project and the most significant are:

- Data Quality
- Governance of non-regulated entities
- Public Awareness of CIS
- Sustainability of AKCP

1. INTRODUCTION

In February 2015 the independent consultant on Financial Infrastructure – Mss Agata Szydlowska was commissioned by FSD Kenya to undertake a final review of Credit Reference Bureau Project Phase II. The objectives of the review were the following:

1. Assessment of the project performance against objectives
2. Review of FSD Kenya role in the project
3. Analysis of the stakeholders cooperation
4. Preparation of the recommendations for the next phase.

This report contains the main findings and recommendations from the review and is the final evaluation of the Phase II of this project. This chapter lays out the structure of this document, providing summary of the main findings, which are described in detail under separate parts of this evaluation.

The table below presents main objective of the Phase II of the project with relevant outcomes and corresponding current status for each of them.

OVERALL OBJECTIVE & IMPACT	OUTCOMES	STATUS
To support the development of an effective full file Credit Information Sharing (CIS) environment in Kenya that improves access to finance especially among small and medium enterprises (SMEs).	1. Positive information shared by all banks.	ACHIEVED
	2. Full file information sharing by all active DTMs.	ACHIEVED
	3. Full file information sharing by all regulated SACCOs.	NOT ACHIEVED
	4. Increasing sharing by unregulated credit providers.	NOT ACHIEVED

Table 1 – Credit Bureau Reference Project Phase II Objectives & Outcomes

Credit Reference Bureau Project Phase II has been very successful, however some of the outcomes require more time and more resources than initially anticipated. As a consequence there are still two main outcomes, as presented in the table above, which necessitate continuous attention.

Detailed analysis of all the outputs corresponding to the overall objective and outcomes is presented under Chapter 2 "Objectives and Outputs". Additional comments in relation to those are mentioned under Chapter 5 "Findings & Recommendations".

Analysis of the outputs clearly shows the tremendous progress, which have been made since last Mid-Term review, which is addressed under Chapter 2 "Objectives & Outputs".

OUTPUT 1.Functional legal regulatory framework for comprehensive credit information sharing	MOSTLY ACHIEVED

This output's overall status remains the same as per mid-term review report, published in November 2013. This is due to the fact that, even though majority of the milestones were achieved, there are still some, which require further follow up.

The main focus has been on the preparation of the amendments to the Credit Reference Bureau Regulations (2013), which was achieved and the amended CRB Regulations (both for the banks and Microfinance Institutions- regulated ones) was officially published in the gazette on 17th January 2014. The issue of the Credit Information Bill, providing broader umbrella for the credit information sharing for the 3rd parties (e.g. one of the main aspects is no requirement for the consent clause from the consumer), remains unresolved.

Furthermore some of the milestones like for example: legal amendments to SACCO Act, data standard manuals for all credit providers as well as effective ADR system would require further follow up.

Output 2. All banks participating in full-file credit information sharing.	ACHIEVED

This output status improved since last Mid-Term review report, and it is graded as Achieved. All the milestones have been reached. During the period May 2013 – December 2014 (the time from last review was conducted) Association of Kenya Credit Providers (ACKP), leader of this project, put great focus on completing all activities, and showed commendable achievements under this area. This was possible thanks to the amended Credit Reference Bureau Regulations, which came into force in January 2014, and made it mandatory for the banks and regulated deposit taking microfinance institutions to share full file (positive and negative) data.

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Output 3. All DTMs participating in a functional credit reference system.	ACHIEVED

Similarly all DTMs (which are currently referred to as Microfinance Banks – MFBs) followed the same suite as the banks, allowing for the milestones to be reached within the final stage of the Phase II of the project. AKCP played a significant role in this achievement, together with involvement of AMFI and all involved MFBs.

Output 4. All other credit providers participating in a functional credit reference system.	NOT ACHIEVED

Inclusion of all other credit providers, referred to as third parties (as per Credit Reference Bureau Regulations) still remains the main area of focus. Albeit there has been a lot of work done towards this output and three of the seven milestones have been achieved fully, other four are still classified as Work in Progress. In the next chapter there is more detailed analysis provided on this aspect. Participation of all other credit providers, including SACCOs as well as any other entity extending credit to the market in Kenya, requires consolidated approach supported by sufficient resources from AKCP side. Considering the fact, that 'all other providers' represent broad spectrum of various non-regulated institutions there shall be special attention driven to the concerns, which may arise in the areas such as: readiness to participate, data quality and the governance. Therefore there is strong recommendation to look closely at this output during the next phase of this project.

Output 5. Greater understanding of CIS by all stakeholders.	NOT ACHIEVED

This output refers to creating public awareness amongst **ALL** stakeholders; therefore it is important not to forget the general public under this categorization. The research conducted in preparation to this report clearly demonstrates that there is significant effort to be made in order to create awareness on credit information sharing system in Kenya, especially when it comes to the positive aspects of credit reporting and deepening financial inclusions for groups like SMEs or unbanked. AKCP has realized the need for making this output a priority and during the Phase II managed to conduct new baseline surveys on the perception of CIS in Kenya as well as the best way to address it through development of the new communication strategy. It is, however, still work in progress and shall be made one of the priorities under next phase of the project. Details are presented in the chapters to follow.

OUTPUT 6 Enhanced capacity of all institutions in CIS mechanism to function efficiently	PARTIALLY ACHIEVED

AKCP has been a main force behind enhancing capacity building for various institutions, this predominantly focused on relevant workshops, discussion forums, facilitation of the implementation of the credit information sharing into their structures, as well as organizing various training sessions and regional conferences. The major beneficiaries so far were regulated entities (e.g. banks MFBs), some of the selected credit taking MFIs, major SACCOs and few other players in the credit provision industry. There remains a need for extensive work to be done in reference to this output, especially while the project requires extension of CIS towards other 3rd parties. The list of various initiatives and recommendations on way forward are presented under following chapters of this report.

Comprehensive analysis of the objectives of this project, which was done through meetings with broad spectrum of the stakeholders (complete list of the meetings is presented under Annex 1), allowed for definition of the potential risks as well as relevant recommendations, to be considered for the way forward.

The list of those risks is presented under Chapter 4 “Risks”.

The mitigation strategy for the risks can be found under Chapter 5 “Findings & Recommendations”, which lists suggestions grouped under various topics, corresponding to the main concerns, which shall be addressed during the next phase of the project.

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2. OBJECTIVES & OUTPUTS OF THE PHASE II

OUTPUT 1: Functional legal regulatory framework for comprehensive credit information sharing

The objective of this component of the CRB Project Phase II was to ensure that the legal framework is appropriately amended to guarantee that all credit providers in Kenya are required to share both negative and positive credit information about all their borrowing customers with the licensed credit reference bureaus. This is known as mandatory full-file Credit Information Sharing (CIS). AKCP performed tremendous work under this output; there are few activities needed to be addressed under next phase of the project, in relation to 3rd parties joining the system.

OUTPUT 1. 1 Functional legal regulatory framework for comprehensive credit information sharing	MOSTLY ACHIEVED
Activity 1.1 Comprehensive review and scoping of the legal and regulatory framework to identify gaps and make recommendations.	ACHIEVED
Activity 1.2 Develop and introduce legal amendments of the Banking and MFI Acts.	ACHIEVED
Activity 1.3 Develop and introduce legal amendments of other Acts (e.g. SACCO Act and the law relating to developmental finance institutions	PARTIALLY ACHIEVED
Activity 1.4 Regulators to issue appropriate guidance to ensure effective implementation	ACHIEVED
Activity 1.5 Review and issue data standards manuals for all credit providers.	PARTIALLY ACHIEVED
Activity 1.6 Establish an effective dispute resolution mechanism	MOSTLY ACHIEVED
Activity 1.7 Revise the data retention principles. Develop and publish house rules for credit providers.	MOSTLY ACHIEVED

The Banking Act was amended in April 2012 and in November 2012 the CBK issued new draft Credit Reference Bureau (CRB) regulations, on the basis of which the pilot scheme for banks and DTMs went ahead. The amended Credit Reporting Act has been published in the official gazette on 17th January 2014, becoming in force immediately. Following that, CBK issued guidelines for the banks and the first submission of full file data was executed in March 2014.

The new regulations mandate full-file credit information sharing by the banks, under Article Regulation 18. 2 of CRB Regulations 2013:

"An institution licensed under the Banking Act shall in addition to exchanging the information required under sub-regulation (1), exchange positive information of their customers with Bureaus."

They also allow the disclosure of positive information to the CRBs by institutions other than banks with the prior consent of the customers concerned, under Article 18.3 of CRB Regulations:

"(3) An institution other than banks may in addition to exchanging the information required under sub-regulation (1), exchange positive information with Bureaus with prior written consent of the customers concerned."

The CRB Regulations 2013 also specify that those 3rd parties wishing to join the CIS mechanism must get CBK approval, prior to being allowed to fully join credit information system. Non-regulated entities can seek entry into CIS through signing contracts with any of the licensed credit bureaus, which then on their behalf, request CBK's approval (CBK vetting process). It would be advised that in the future the role of the initial vetting of the new non-regulated entrants is given to AKCP.

The Microfinance (Amendment) Act 2013 submitted by the government to parliament in June 2013, which proposed to mandate full-file CIS by DTMs so as to bring them in line with the banks was published in the official gazette on 17th January 2013. Similarly as for the banks it made full file credit reporting mandatory for all regulated MFIs, which are currently referred to as Microfinance Banks.

Other changes included lower data retention rules (thanks to AKCP efforts they were reduced from 7 years to 5 years), prelisting notices, and a host of other consumer protection rules. Through the circular released by CBK, the Regulations became effective from February 2014 and since March 2014 commercial and microfinance banks have shared full-file information, which is described under Output number 2 & 3. In reference to the data retention principles AKCP is still working on some additional amendments, like for example categorization of the various type of data and based on those categories deciding the length of the period they would be stored on the database (e.g. different for mortgage and credit card loan).

To address credit information sharing by all credit providers, the KCISI team hired an experienced lawyer to draft a new umbrella law for Credit Information Sharing, together with appropriate regulations, in order to unify the underpinnings of the credit information infrastructure. Credit Information Sharing Bill was prepared in early 2013, reviewed by the Legal Committee of the CIS National Forum and then discussed at a National Forum Dissemination workshop in April 2013.

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The draft umbrella CIS Bill will provide an overall framework for full-file credit information sharing. This Bill would be an important regulatory component of credit information sharing in Kenya, especially in relation to 3rd parties joining in, which are currently not governed by any shared regulation not even self-regulatory authority. The CIS Bill has been presented to Treasury at the end of May 2013, however since then there has not been much traction. This is partially due to the current changes, which are discussed at the government level, in relation to the governing authorities. The establishment of the Financial Services Authority for all financial services providers and Market Conduct Authority, which will have broader scope, is currently under discussion. It has not been clearly defined, as of now, under which of them AKCP would fall under, from the initial discussions during this research, it transpires that it would be Market Conduct Authority. The CIS Bill can only be passed once this decision is made, and it is not sure if this would happen in 2015. In the meantime AKCP shall focus on empowering (by being given relevant authority) its self-regulatory status, as well as developing partnership with CBK. Prior to its final approval by the Treasury, CIS Bill shall be further reviewed, in lieu of the recent developments in CIS, which occurred since its initial draft.

The introduction of the amendments to SACCO Act under authority of SASRA is still pending conclusion. AKCP started by setting task force in November 2012 for Implementation of CIS for the SACCO Societies and nominated three committees, which have been meeting regularly. In addition, AKCP provided the legal opinion on the position of SACCO Societies in CIS in December 2014. Further to this AKCP drafted the proposed amendments to the SACCO Act and shared it with SASRA in March 2014. The legal committee is also keenly following on this matter, to ensure establishment of a proper legal framework for SACCOs to participate. New amended SACCO Act would enable more effective implementation of credit information sharing amongst regulated SACCOs.

AKCP was involved with review and setting up data standard manuals and the task force was created focusing on the amendment of the Data Specification Template (DST). The Central Bank of Kenya has released version 3.1 of the Data Specification Template (DST) in March 2014, following consultations among commercial banks, DPFB, MFBs and the CRBs, for the implementation of the full-file credit information sharing. It incorporates the Data Standards Manual, Data Specifications Document, Notices and the CIS Implementation Guidelines. The Kenya Credit Information Sharing Initiative (KCISI), now the Association of Kenya Credit Providers (AKCP), has coordinated these consultations. Stakeholders interviewed for the purpose of this report indicated that AKCP took a leading role in this exercise and the amended template proved to be very useful.

Of great significance to AKCP has been its role in establishment of an Independent Alternative Dispute Resolution Centre, which was successfully launched on 25th November 2014. The mechanism focuses on two main objectives: (i) Strengthened consumer complains' resolution within credit provider institutions and (ii) Alternative Dispute Resolution Centre to handle escalated disputes. ADR has been launched with support of the judiciary, which ~~has~~ also assured the ADR Centre that it will be keen to refer CIS cases filed in court to the Centre, in a bid to ensure faster resolution of cases and reduce the backlog in courts.

Currently, a typical court case in Kenya can take three (3) years or even more before it is concluded at a hefty cost to the consumer as well as the financial institution, while the issue could have been amicably resolved within a week through mediation. It is estimated, an indeed the non-technical cases have been mediated by the center and concluded within a day. The ADR approach will provide a valuable option for both customers and financial institutions, creating a conducive environment for issues to be addressed while upholding the relationship between the parties

OUTPUT 2: All banks participating in full-file credit information sharing.

The objective of this component has been to ensure that all banks participate in full-file CIS with the CRBs, and that the banks have access to relevant credit information both negative and positive about all their actual and potential borrowing customers.

The consultant visited ten of the forty-three commercial banks presently licensed to operate. A full listing of all banks in Kenya as of end-2013 is provided in Annex 4 of this report. The banks visited were carefully selected to provide a representative cross-section of banks of various sizes in all three tiers according to CBK's size classification criteria. In most cases the consultant met the CIS champion in each bank, but in some cases he met more senior staff in the risk management or credit departments. The principal objectives were to elicit their opinion as to the progress of the Credit Reference II project and to hear their feedback about their banks' experience with the pilot program for full-file information sharing.

AKCP performed commendable work under this output, reaching all milestones and successfully enabling all banks participation in full file credit information sharing.

Output 2. All banks participating in full-file credit information sharing.	ACHIEVED
Activity 2.1 House rules for full file reporting for banks.	ACHIEVED
Activity 2.2 Establish roadmap for positive information sharing among banks.	ACHIEVED
Activity 2.3 Review and issue data standards manual for banks.	ACHIEVED
Activity 2.4 Pilot data sharing for banks.	ACHIEVED
Activity 2.5 Disseminate lessons learnt.	ACHIEVED
Activity 2.6 Rollout full file data sharing for banks.	ACHIEVED

In anticipation of the formal regulation for full file credit reporting being effective, AKCP took leading role in the preparation of banks, as well as MFBs to join CIS and adhere to the amended CRB Regulations. To help both lenders and licensed credit reference bureaus (credit bureaus or "CRBs") prepare for this reporting reform, a three month, three submission pilot jointly organized by Kenya Credit Information Sharing Initiative (KCISI) and the Kenya Bankers Association (KBA), was developed. The pilot spanned over April-May-June 2013, with the latest test submission-taking place on June 17th 2013, was structured as a systemic advance test of Kenya's credit information sharing network. An assessment of the Full File Pilot for the banks and DTMs in Kenya prepared by PERC was published in July 2013, providing further recommendations to the stakeholders in order to reach full preparedness in time for the regulations to be enforced. During the following months regulated institutions continued working closely with CRBs and AKCP to comply with the requirements of full file credit reporting, especially in terms of adjusting their internal banking systems to extract data as per required Data Specification Template. Upon recommendations from PERC report AKCP worked with CBK and developed amended, leaner, version of Data Submission Template supported by detailed manual. CBK conducted a test of the full system – a stress test- in February 2014, in which all the banks and DTMs took participation, the main purpose was to verify the capacity of both CRBs and regulated entities in terms of their ability to start full file credit reporting in March 2014. Based on all documentation and various interviews it is clear that the pilot project has been a great success and provided required assistance to all parties joining in full file credit information sharing. The lessons learnt during this process have been captured under the report mentioned above and shared with stakeholders during the workshop organized by AKCP in 2014.

Initial data submission rates have varied and there were many banks, which only reached levels as low as 50%. Over last 12 months there have been a significant improvement and currently as per information obtained from CBK average monthly submission success rates vary between 70%-90%. This brings the conclusion that, even though all banks submit data on time, there is still work to be done in the area of data quality compliance. During the evaluation of Phase II two main issues came up: first one being incomplete or not fully correct data submitted (quality of data) and the second one relating to the difference in success rates between two licensed CRBs.

In relation to the data quality issue some banks still encompass difficulties owing to outdated core banking software that is not suitable for this task. Others are in the process of switching from one type of core banking software to another. Some of the banks started switching to the core banking systems during the pilot period, which allowed them complex integration of CIS requirements into their internal procedures, thus enabling smooth extraction of the complete data. There are still banks, which operate on not interlinked sub-systems and need manual extraction of some set of data from one sub-system to another. The issue of data quality refers in most cases to the historical data (old files), which was captured prior to the new regulation requirements, where some information like ID numbers, address, and passport details may be incomplete. Many banks noted that they do not submit certain files like: stakeholders, guarantor or bounced checks (this is more an issue of their internal sub-system requirements). All of the banks confirmed that they are putting efforts towards addressing those pending matters to increase their data submission success rates. Whereas this trend is commendable, there shall be a strict deadline imposed by the regulator by which all the banks shall clean up pending issues, so to enforce the suggested minimum threshold for data submission of 90% (CBK mentioned that this is the threshold they communicated to the banks). In some countries, like for example in South Africa, Credit Providers Association controls the submission rates and if these fall below 95% subscribers might even be restricted from further use of CRB data, until they resolve their data quality issues. This type of approach in Kenya could speed up the process of the data quality compliance and increase the trust in credit reports quality.

All banks, which took part in this study, noted that they were not satisfied with different success rate received on the same set of data submitted to two CRBs. In some cases the variance between success rates obtained from those two CRBs can be as high as ~~20%~~. This may come from the different validation rules set up for the data acceptance, even though the standard template is used by both of them. There shall be additional efforts conducted by AKCP in the future to resolve this issue so the variance is not higher than ~~1-2%~~ between various CRBs, especially taking under consideration the fact the third CRB is entering the market. The third credit bureau – CreditInfo – was given pre-license by CBK, awaiting final approval and formal license to be issued in 2015.

The CIS system will have to encompass the rapidly growing M-Shwari small loan product that has been developed by Safaricom in partnership with the Commercial Bank of Africa (CBA) as an adjunct to its successful money transfer system (M-PESA). These tiny loans are held on the books of CBA, which bears the credit risk. M-Shwari became flagship loan product for the so called un-banked and since last two years 2013/2014 has been under-going huge development and recognition for its innovative approach worldwide. With introduction of M-Shwari the initial customer base (2012/2013) increased by more than 7’000’000, reaching level of approx. 9’9 million customers as of early 2015. CBA has three type of loan product: corporate, retail and government/public entities; M-Shwari is treated as a separate (4th), independent type of product. M-Shwari is purely unsecured, personal loan, typically with maximum 30 days term, with many of them being paid even within days or hours. It is fully automated in terms of loan application and scoring, which is based on the statistical data coming from M-Pesa data (Safaricom). The debt management process is also automated and currently NPLs are below 3%. Currently M-Shwari started with reporting of only negative data and the discussions have been held between CBA and CBK on the way forward. CBK recently confirmed that CBA must start full-file reporting; this is still awaiting full implementation (as of March 2015).

The exponential growth in the volume of these small loans in the years ahead as the mobile phone market becomes saturated could pose a significant technical problem for CBA and the credit reference bureaus. The CIS system will have to be very efficiently run to be cost-effective for this mass market of very small loans that average around KSh 1,000-10,000 per customer. Another issue is data specification template to be used for this type of loans, since the one used by the banks and MFBs may not be fully relevant. AKCP shall look into this aspect carefully, as well as the issue of the data updates, as mentioned above some of those loans are paid within hours or days, therefore require very efficient updating of their data on CRB system. Currently M-Swhari has over 2million active loans, so this raises a question of the CRBs capacity to process such volume of data. Presently M-Shwari would only report the data to CRBs, since their credit risk assessment is based on the scoring retrieved from M-Pesa platform.

In the last year since the implementation of the full file credit reporting there has been significant increase of the number of records submitted to CRBs. Initially with negative data requirements the average monthly submission was at approx. 300’000 records. Presently the number of records submitted on monthly basis reaches almost 4’000’000 (as per information obtained from CBK). The same trend can be noted on the usage of credit reports by the banks, MFBs and customers. The table below presents figures on number of credit reports requested.

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Number of Credit Reports requested since August 2010

Period	**Banks & MFBs**	**Customers**
August- December 2010	289'722	434
January-December 2011	1'021'717	5'607
January-December 2012	1'015'327	22'692
January-December 2013	1'275'522	26'361
January-December 2014	1'674'707	33'442
TOTAL	**5'271'995**	**88'536**

Table 2: Number of credit reports requested since August 2010, Source: CBK data

For the country, like Kenya, with population reaching close to 45 million, the numbers are still humble and leave a room for significant improvement. This is related to two major factors:

- So far it is only banks and MFBs (apart from few other non –regulated entities) which actively participate in the system – and this represents only formal credit existing in the market
- This does not cover the majority of the population, which is still referred to as "un-bankable" by the formal banking sector.

With inclusion of non-regulated institutions (like for example: the ones which offer credit through sale of goods and services) as well as innovative loan products like M-Shwari or M-Kopa (sale of solar power on credit) the statistics on CIS in Kenya shall improve, as consequence contributing to the greater financial inclusion.

There has not been a detailed analysis of the exact impact of CIS implementation (especially since inclusion of the positive data) on the financial sector in Kenya, since this would need consideration of various factors and trends in the economy. However when we look at the indicators like the one below presenting Bank Non – Performing Loans to total gross loans, we can see a positive trend. There is a positive improvement, which started before 2010, this is when negative information sharing started to be mandatory and in last few years listing of non-performing loans with CRBs have become well known amongst general public. In the future years it would be good to conduct further research-showing correlation between loan portfolio growth and introduction of the full-file credit reporting.

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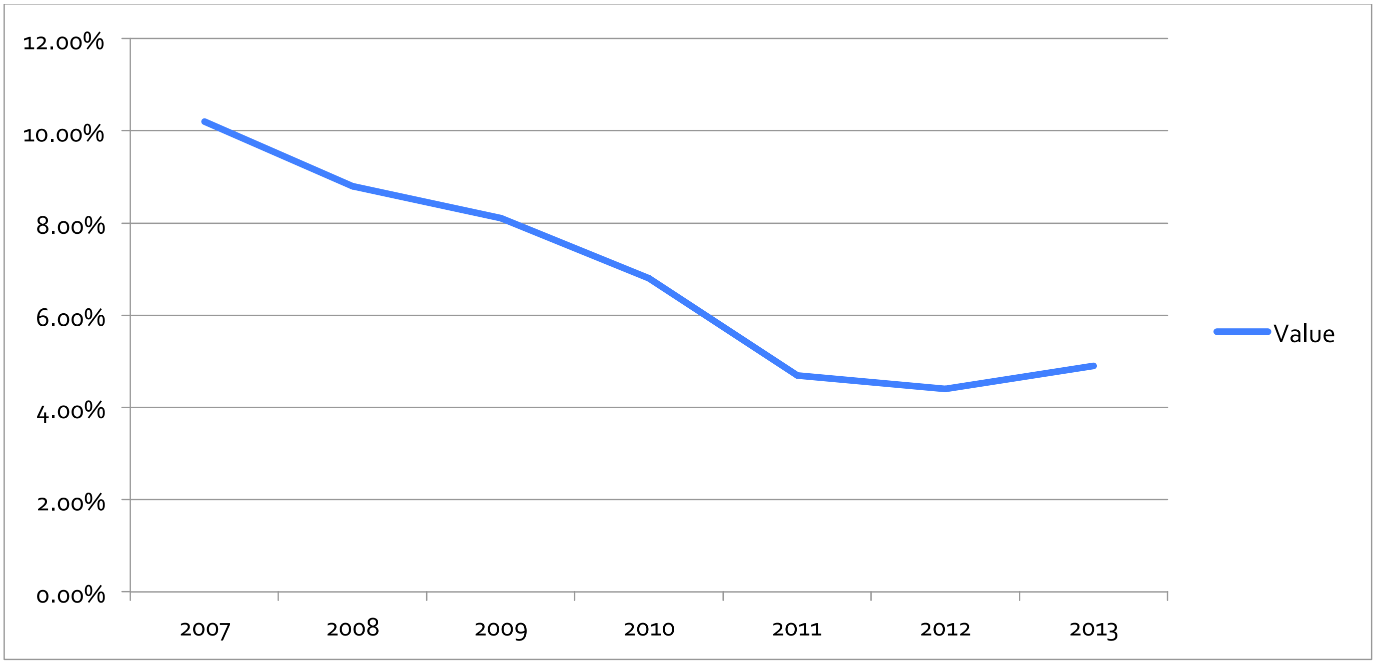
Kenya: Bank nonperforming loans to total gross loans 4.9*(%)*in 2013

(Bank nonperforming loans to total gross loans are the value of nonperforming loans divided by the total value of the loan portfolio (including nonperforming loans before the deduction of specific loan-loss provisions)



Source: World Development Indicators (WDI), September 2014

OUTPUT 3: All DTMs participating in a functional credit reference system.

Kenya's financial services sector has over the last couple of years made tremendous strides – especially in terms of innovation – earning indelible mark globally. The MFI sector has been part of this "financial revolution", more so in the provision of financial services aimed at strengthening unbanked and under-banked populations. Amongst other the key initiatives aimed at strengthening the growth and stability of the MFI sector is the introduction of the Credit Information Sharing mechanism in order to address the problem of information asymmetry between lenders and borrowers.

Similarly as for the banks AKCP performed creditable effort to assist MFBs with enabling full participation in a functional credit reference system, reaching all milestones under this output.

Kenya Microfinance sector is consolidated under the umbrella of AMFI – Association of Microfinance Institutions – Kenya, which issues Annual Report on the industry and this sector description below comes form AMFI Annual Report 2013.

"As per latest MFI Bill 2014 all deposit taking MFIs were classified as MFI Banks, providing similar range of products, apart from loans and deposits, like standard banking institutions like for example: forex transactions and checks

Total assets of the MFI sector amounted to KES 315.7 bn as of December 2013 registering 15.1% annual growth. The sector remains dominated by banks, in particular Equity Bank, which accounts for 75% of the sector's total assets. There is slight increase in the Credit-only MFIs, and MFBs market shares compared to Banks, with 3 banks, 9 MFBs and 23 Credit-only MFIs accounting for 82%, 13% and 5% respectively of the sector total assets. Without banks, the total assets of the sector stood at KES 57.4 bn as of December 2013 posting 26.7% annual growth. The market shares of credit-only MFIs and MFBs remained stable with the two segments accounting for 28% and 72% respectively of the total assets of the sector without banks over the past 3 years. Credit-only MFIs registered stronger asset growth compared to MFBs over past 3 years. For all segments, a slower paced growth was achieved in 2013 compared to previous year."

Output 3. All DTMs participating in a functional credit reference system.	ACHIEVED
Activity 3.1 Identify project champions / teams.	ACHIEVED
Activity 3.2 Develop roadmap for participation of the DTMs in CIS mechanism.	ACHIEVED
Activity 3.3 Review capacity to fulfill roadmap to identify unique challenges.	ACHIEVED
Activity 3.4 Provide support to overcome challenges.	ACHIEVED
Activity 3.5 Pilot data sharing with DTMs	ACHIEVED
Activity 3.6 Rollout full file data sharing among banks and DTMs	ACHIEVED

Preparations to rollout CIS among the MFI sector commenced in November 2011 as a joint effort between AMFI and the KCISI (now AKCP), this included various forums, meetings with AMFI and deposit taking MFIs, analysis of their capacity and provision of relevant guidance. In May 2012 KCISI issued MFI Capacity Assessment Final Report, addressing issues in relation to their participation in CIS.

In order to prepare full-file data sharing, all commercial and microfinance banks participated in the test runs for five months between April and August 2013 (Pilot Project). The Data

Specifications template was also revised to improve and standardize information extraction and submission by both banks and microfinance banks. Notably, all the microfinance banks participated consistently and had higher data acceptance rates as compared to the banks throughout the pilot exercise.

MFBs interviewed for the purpose of this report as well as AMFI highlighted the importance of AKCP in the pilot process and further assistance obtained during implementation phase. AKCP, together with AMFI assisted MFBs with compliance issues (especially on Data Specification Template) and capacity building. There has been workshops and forums organized. Credit Bureaus also took pro-active role in the process, Metropol assisted with their validation tool (data sanitizer used to validate quality of data prior to final data submission to CRBs) and TransUnion conducted two different workshops during pilot project.

Currently there are no major challenges for MFBs in relation to CIS and data submission, most of them still experience higher success rates than regulated banks. Some of them still face issues on certain files, which is similar to the situation amongst banks. The major focus for the way forward will be on credit taking MFIs, which are classified as 3rd Parties and described under Output 4.

One of the lessons learned during this process is the importance of the close working relationship between stakeholders involved in it, in this case it was between AKCP, AMFI and MFBs. The close follow up and active involvement made this a success and similar approach shall be considered for the future.

The big successes of the CIS implementation pilot program was a realization by MFBs that they need to be automated in order to participate in CIS so to be in position to extract the data and use CRB database. Currently 95% of the MFIs (even the credit taking ones) are automated and have proper records of their clients. Since initial phase there has been a big buy-in from MFI sector and there is continuous support and interest in the system, which currently spreads to the credit taking MFIs, which are referred to, under current CRB Regulation, as 3rd parties. There is also an internal benefit for AMFI, which thanks to automation and introduction of the CIS can obtain reliable statistical data for their own analysis and purposes, like preparation of their annual reports.

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OUTPUT 4: All other Credit Providers participating in a functional credit reference system.

The objective of this component was to ensure that all other credit providers in Kenya participate in full-file CIS with the CRBs, and that these credit providers have access to relevant credit information both negative and positive about all their actual and potential borrowing customers.

The main focus during Phase II was to build strong fundamentals for comprehensive and fully inclusive CIS in Kenya, through establishment of sound Association of Kenya Credit Providers (AKCP). This component will require increased emphasis during the next phase of this project, in order to actively and successfully incorporate 3rd parties into CIS.

Output 4. All other credit providers participating in a functional credit reference system.	PARTIALLY ACHIEVED
Activity 4.1 Identify other credit providers.	ACHIEVED
Activity 4.2 Activate credit providers' forum [Association of Kenya Credit Providers (AKCP)]. See also Chapter 10 of this report	ACHIEVED
Activity 4.3 Develop and publish house rules for credit providers' forum (AKCP). See also Chapter 10 of this report.	ACHIEVED
Activity 4.4 Establish self-regulatory framework for all credit providers.	PARTIALLY ACHIEVED
Activity 4.5 Establish roadmap for comprehensive CIS.	PARTIALLY ACHIEVED
Activity 4.6 Pilot data sharing among all credit providers.	NOT ACHIEVED
Activity 4.7 Rollout data sharing among all credit providers.	NOT ACHIEVED

The Association of Kenya Credit Providers ('AKCP') was set up to institutionalize the National Credit Information Sharing (CIS) Forum. The Forum was created in early 2012 in order to bring together both bank and non-bank credit providers to map the way forward towards implementing full file comprehensive CIS in Kenya. Prior to the formation of AKCP, the implementation of CIS in Kenya was spearheaded by the Kenya Credit Information Sharing Initiative ('KCISI'), a partnership between Central Bank of Kenya (CBK) and Kenya Bankers Association ('KBA').

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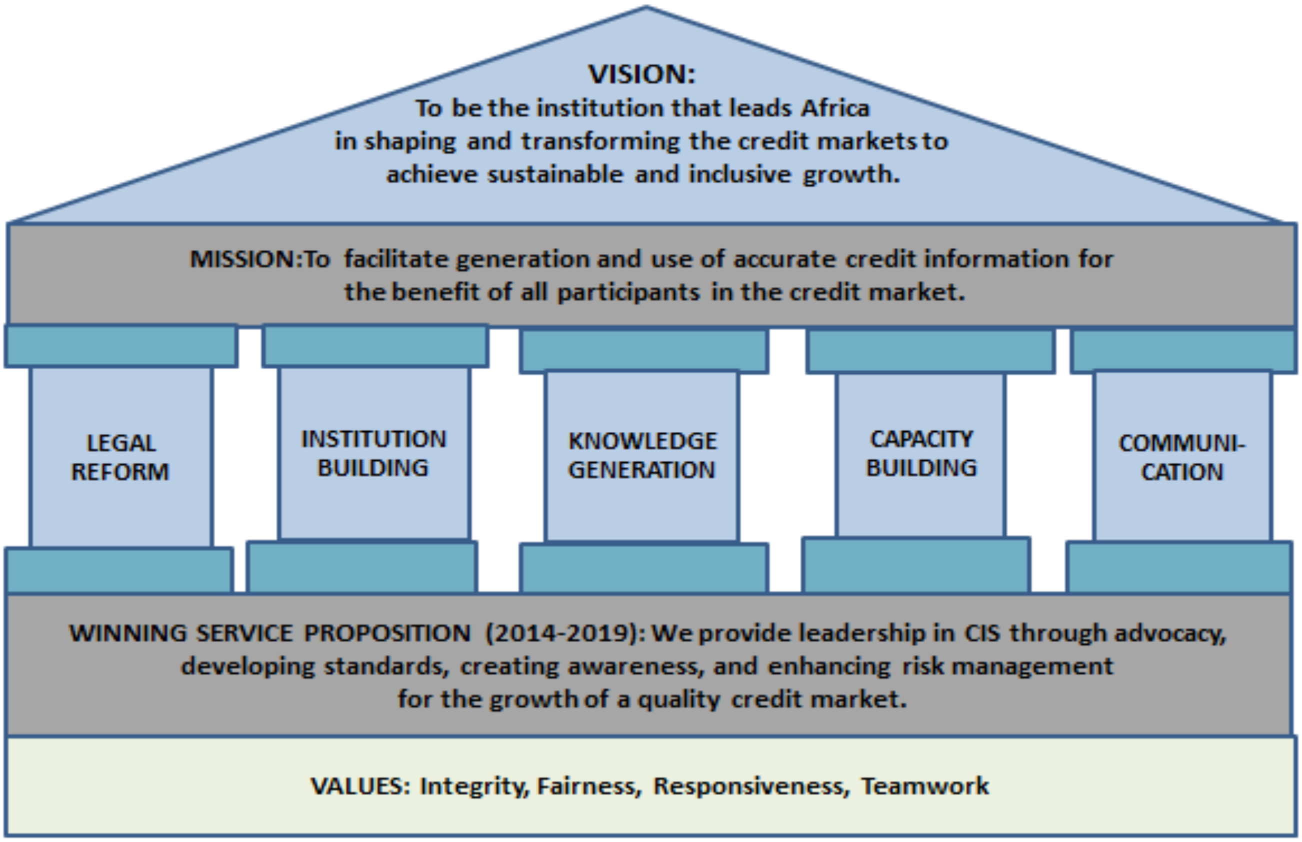
The AKCP was formally registered, as an association in April 2013 with a preliminary list of ten founder members, among which were the two credit reference bureaus, KBA, AMFI, KUSCCO and several non-bank financial institutions. The public launch of the association was held in September 2013 during regional credit information sharing workshop hosted by the CBK Governor. Its Governing Council was constituted soon thereafter at its first AGM in November 2013. AKCP started its activities in 2014; nevertheless it became fully operational only in January 2015, with the first paid up members joining at that time. During the year 2014 AKCP held the General Meeting of founding members, which approved Code of Conduct and new Strategic Plan 2014-2019.

AKCP will seek to be at the nerve center of all Credit Information Sharing (CIS) activities. As the authoritative voice on CIS, it will lead in knowledge dissemination and coordination in matters of CIS. Accordingly AKCP's will provide leadership in Credit Information Sharing through advocacy, developing standards, creating awareness and enhancing risk management for the growth of a quality credit market. In order to deliver value to its members as envisioned in the 2014-2019 Strategic Plan, AKCP will undertake five main Strategic Priorities summarized below:

- Institution Building
- Legal Reform
- Capacity Building
- Communication & Public Awareness
- Knowledge Generation

The picture below presents AKCP Strategy 2014-2019.



One of the first important tasks was to identify and document all the credit providers in Kenya. This has been mostly accomplished by the creation of a Directory of Credit Providers, of which an impressive first edition was prepared by KCISI in close collaboration with FSD Kenya. It was delivered to KCISI management on June 27, 2013, which was further developed in 2014. The Directory of Credit Providers lists the following categories of credit providers:

- Commercial banks (43)
- Microfinance banks
- MFIs (credit taking ones)
- SACCOs
- Hire Purchase Companies
- Cooperatives
- Kenya Post Office Saving Banks
- Leasing companies
- Mortgage Companies
- Women's Enterprise Fund

- SME Funders
- Development Financial Institutions
- Utility Companies
- Telcos
- Agricultural enterprises

In addition to this long and comprehensive list there could well be other credit providers that wish to join the full-file CIS Initiative. Among these would be the Higher Education Loans Board (HELB), the African Trade Insurance Agency (ATIA), leasing companies, life insurance companies and even general insurance companies.

In 2014 AKCP refined its membership structure defining various categories of membership, which are summarized in the table below.

Type of Membership	**Registration Fees**		**Annual Subscription**	
	Minimum (KES)	Maximum (KES)	Minimum (KES)	Maximum(KES)
FULL	50'000	100'000	50'000	250'000
ASSOCIATE	100'000	-	200'000	-
AFFILIATE	-	100'000	-	200'000

Table 3: AKCP Membership categories

AKCP took considerable efforts to ensure the recruitment of new members and as of March 2015 the fully paid up members list is presented in the table below:

	Members	**Sector**	**Category**
1.	HELB	Third Party	Full
2.	Century MFB	Microfinance Bank	Full
3.	KBA	All 43 Banks represented	Full
4.	ICDC	Third Party	Full
5.	AAR Credit Services	Third Party	Full
6.	Metropol CRB	Bureau	Associate

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7.	Jubilant Kenya	Third Party	Full
8.	Juhudi Kilimo	Third Party	Full

Table 4: AKCP fully paid up members as of March 2015

After commercial banks and MFBs, both of which are regulated and supervised by the CBK, the next most important groups of credit providers that should be brought into the credit information sharing program are: credit taking MFIs, which fall under AMFI umbrella and the Deposit-Taking Savings and Credit Cooperatives (D.T. SACCOs), which are regulated and supervised by the SACCOs Societies Regulatory Authority (SASRA).

AKCP has started its efforts into bringing credit taking MFIs on board CIS in 2014 working closely with AMFI Secretariat on this task, taking under consideration findings from the MFI evaluation report prepared in 2012. Majority of those MFIs started their system adjustment process and incorporated consent clauses into their loan application procedure. AMFI provides support in the process of joining CIS, starting from writing to CRBs, on behalf of MFI, with request to join CIS. After initial contact is being made, they would request for validation tool with relevant submission requirements and observe MFI if they can meet the initial minimum threshold of 75% success rate on data submission. AMFI overlooks the pilot project over a period of one month; this is to ensure if the data quality meets the required standards. Afterwards the data can be submitted to CRB for their verification. Once CRB is satisfied with initial data submission quality and other requirements they write to CBK with request for granting approval for 3rd party to join CIS. CBK conducts vetting process, and only once the formal approval is granted MFI can start sharing data and accessing CRB database for credit reports. The most recent examples include Jubilant Credit and AAR Credit, which both were granted approval by CBK in December 2014 and became fully paid up members of AKCP in early 2015. There is still a risk that some of the MFIs go directly to CRBs, without AMFI coordination, and it may cause lack of relevant preparation and coordination, especially when it comes to data quality.

Following the creation of SASRA in 2009 and the publication of the regulations in June 2010, Deposit-Taking SACCOs offering Front Office Service Activities (FOSA) [quasi-banking activities] were invited to submit applications to SASRA to be licensed. Of the 215 licensing applications originally received from D.T.SACCOs, 127 institutions had been judged to be fully compliant and had been licensed by SASRA as of end-June 2013. The remaining 88 D.T.SACCOs offering FOSA have not yet been licensed, but they will continue to operate until the end of the four-year compliance period, which ended in mid-2014. Those that have not been able to satisfy the licensing requirements by mid-2014 may be asked to cease FOSA and revert to Back Office Service Activities (BOSA) only, but that is an issue to be tackled by SASRA in due course. The

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issue of SACCOs joining CIS is discussed further under Chapter 5 "Findings & Recommendations".

AKCP needs to put additional efforts towards developing detailed Road Map for the comprehensive inclusion of all 3rd Parties. Incorporation of non-regulated credit providers into CIS raises various issues and risks related to data quality and governance, which have been analyzed under Chapter 5 "Finding & Recommendations". Whereas 3rd parties show interest in joining CIS, there is still not sufficient awareness of what does it mean to be a member of the credit information sharing and what requirements shall be met. For example telcos interviewed for the purpose of this report did not have sufficient information of the CIS mechanism and would be willing to join as long as they can list defaulters only, but may still be reluctant to share positive data. Credit Providers span over various sectors of the economy, therefore this component of AKCP strategy shall be carefully analyzed. Comprehensive and sound incorporation of the 3rd parties will require time and resources.

The aim of AKCP is to be a self-regulating body for credit providers in Kenya, focusing on ensuring that all credit information providers work together towards the realization of their objective of inclusive CIS. An association is deemed essential in order to safeguard the interests of all members and borrowers through adherence to a common code of conduct. An association is also well placed to spearhead an enabling legal environment for CIS, educate the public about CIS and equip credit providers to take part in the CIS mechanism.

The key players in the CIS mechanism are:

i) Credit information providers: they generate credit information and transmit it to credit reference bureaus (CRBs). They also obtain, at a fee, credit reports from CRBs;
ii) CRBs: store, process, analyze and market credit reports and various analyses generated from the said reports;
iii) Regulator: the Central Bank of Kenya (CBK) licenses the CRBs and also supervises banks involvement in CIS whilst SASRA (SACCO Societies Regulatory Authority) supervises the involvement of SACCOs in CIS;
iv) Credit consumers: who are entitled to see (and even object to) the contents of their credit reports;
v) Credit Ombudsman/Alternate Dispute Resolution Centre: this is an independent entity that facilitates the resolution of disputes that may arise from information in the credit reports.
vi) Other data sources: Integrated Population Registration Services ('IPRS'), Court Registry, Land Registry, Kenya Revenue Authority, amongst others.

AKCP with assistance of FSD Kenya engaged consultant to prepare a detailed report on "Development of a self-regulatory framework for the Association of Kenya Credit Providers", which was published in October 2014. This document provides background for the self-regulatory role of AKCP with detailed instructions on its implementation. The extract below taken from that report highlights AKCP preparation in reference to this subject:

"Preparation for self-regulatory role
The AKCP was formally inaugurated as an institution in 2013 with a Constitution and Code of Conduct. The launch was more ceremonial rather than functional as the AKCP continued its various advocacy activities. However, the primary objective of the AKCP has always been to establish its self-regulatory role, a function that should formally commence in November 2014. Whilst the AKCPs Constitution may require revision, it is noted that the Code of Conduct establishes an adequate framework for data submission from credit providers. It also details obligations from licensed credit bureaus.
In preparation for non-bank data sharing, the AKCP has worked closely with large broad-based potential members (SACCOs, MFIs). It has also engaged with other industry sectors including utilities and leasing financiers. Members of the Governing Council have also recently met with the CBK with a view to commencing its self-regulatory activity.
Why self-regulation?
At the very heart of this argument is that data reporting issues should, in the first instance, be governed and resolved by industry members themselves. The self-regulatory mechanism also minimizes an artificial situation of "regulatory arbitrage" –credit reporting from banks and non-banks should be monitored and supervised equally. Currently, only banks and deposit-taking micro finance institutions fall under the supervision of the CBK."

Further discussion on the self-regulatory role of AKCP is also captured under Chapter 6 "Findings & Recommendations".

OUTPUT 5: Greater Understanding of Credit Information System by all stakeholders.

The objective of this component of the project is to inform both credit providers and their customers about the benefits to be gained from the sharing of positive and negative credit information by credit providers with the credit reference bureaus. This will create a database of credit information on the basis of which detailed credit reports can be prepared for authorized users. Customers of the credit providers should be encouraged to obtain their credit reports on a regular basis so that they can see for themselves how responsible and compliant behavior in handling their financial affairs can enhance their credit scores and facilitate their access to credit. This component relates to Public Awareness on CIS amongst all stakeholders and shall be supported by relevant Communication strategy from AKCP.

This output is marked as Not Achieved, since during all interviews, stakeholders mentioned Public Awareness as one of the areas, which lacked enough attention and shall be addressed during the next phase of this project.

Output 5. Greater understanding of CIS by all stakeholders.	NOT ACHIEVED
Activity 5.1 Baseline survey.	ACHIEVED
Activity 5.2 Develop new communication strategy to cover all stakeholders.	MOSTLY ACHIEVED
Activity 5.3 Implement new communication strategy.	NOT ACHIEVED
Activity 5.4 Assess impact of the communication strategy.	NOT ACHIEVED

There have been positive efforts from AKCP to address this issue and few initiatives taken place during Phase II, it proved so far insufficient. It is important to mention that building public awareness on such broad subject like credit information sharing can be only obtained over many years and with long-term, stable and broad communication strategy, which requires human and capital resources.

Phase II communication and awareness activities commenced with a Stakeholder Perceptions Survey conducted between May and July 2012. This was followed by presentation of the survey findings to stakeholders in a workshop held in August 2012 and a two-day retreat to craft a communication strategy in response to the survey findings. A number of stakeholders including KCISI (Now AKCP) staff, Kenya Bankers Association, Association of Microfinance Institutions, Kenya Union of Savings and Credit Cooperative Societies (KUSCCO), FSD Kenya, USAID FIRM and Women Enterprise Fund participated in the retreat and with the help of a consultant crafted a communications strategy to be implemented in 2013-2014. This revised strategy focused however on limited recipients group, which one of the interviewers referred to as "elite of the credit providers' customers". This was due to the fact it addressed mostly population speaking English and not reaching beyond Nairobi, also probably targeted to the most educated group of the potential customers.

A baseline survey conducted in 2012 provided detailed information about consumer attitudes to CIS, which were mostly unfavorable, because at the time the banks shared only negative information with credit reference bureaus. Consequently, general public saw the CIS program simply as a blacklist of overdue loans and outright defaults. Full file credit reporting started in

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early 2014 and it has been only a year since positive information have been shared amongst credit providers. Initially this step brought a lot of hopes related to the change from negative perception of credit reporting industry towards positive appreciation for the increasing access to finance in the country. It seems that it has been too short period to observe such conclusions yet. On the contrary the perception of CIS probably remains the same. This message came out clearly during this final evaluation of Phase II. Whereas many credit providers are aware of the long-term positive impact CIS is bringing to the economy, they noticed that majority of their customers are unaware of the CIS impact on their creditworthiness, until such time comes they are listed on CRB database.

A number of activities were conducted in 2013 and 2014 in the implementation stage of the communications strategy. These activities are briefly summarized below:

- To gain the buy-in of bank communication champions, a workshop was held in January 2013 to share insights on the communication strategy developed and planned activities
- A breakfast forum was organized in April 2013 for Leasing Association of Kenya members to sensitize them on the CIS mechanism
- AKCP held the 2nd EAC Regional CIS Conference on 24th – 25th September 2013 with the theme: "***Unlocking Access to Affordable Credit***"
- In November 2013, a breakfast forum was held with Senior Management from Saccos, KUSCCO and SASRA with a view of developing a roadmap for the Sacco sector to join the CIS mechanism.
- AKCP partnered with KERUSSU to conduct a series of sensitization workshops. Five Trainings were conducted amongst rural Saccos in 2014 (Nairobi, Ruiru, Nakuru, Kericho and Embu).
- Advertising campaigns were also conducted in 2014 to educate credit providers and borrowers on the provisions in the CRB 2013 Regulations (January 2014) as well as educate borrowers on their rights under the CIS mechanism and the existence of the ADR Centre (December 2014). In the latter, a mix of both 'urban' and 'rural' dailies was selected. The campaign was also carried out in a Swahili publication (Taifa Leo) targeted at rural borrowers.
- Draft Media Report – compiling main media activities is presented under Annex 3 (Draft Media Report – AKCP)

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The many workshops, forums and other events that have been organized by KCISI/AKCP during the last four years were intended principally to raise the awareness of the credit providers in Kenya and their respective regulators that are the main stakeholders in the CIS program. These events are listed in Annex 2 (List of Public Awareness & Capacity Building Activities). A much bigger challenge will be to explain the benefits of the program to the general public.

Thanks to AKCP involvement some of the new subscribers to CIS took initiative to inform general public about their decision to join credit information sharing through publishing relevant notices in the newspapers. Below is presented an example from M-Kopa*, published in February 2015 in Daily Nation. It is relevant to mention M-Kopa under this report, since they are example of the entity providing innovative credit solutions to reach out to the low level income population, not only through their solar energy sold on credit but also through offering their credible customers products on credit like: cookers, bicycles and many others.

*M-KOPA Solar, headquartered in Nairobi, Kenya, is the market leader of 'pay-as-you-go' energy for off-grid customers. Since its commercial launch in October 2012, M-KOPA has connected more than 150,000 homes in Kenya, Tanzania and Uganda to solar power, and is now adding over 500 new homes each day.
The success of M-KOPA (M= mobile, KOPA= to borrow) stems from making solar products affordable to low-income households on a pay-per-use installment plan. Customers acquire solar systems for a small deposit and then purchase daily usage "credits" for US $0.45, or less than the price of traditional kerosene lighting. After one year of payments customers own their solar systems outright and can upgrade to more power. All revenues are collected in real-time via mobile money systems (such as M-PESA in Kenya) and embedded GSM sensors in each solar system allow M-KOPA to monitor real time performance and regulate usage based upon payments. This connected design means that M-KOPA is processing vast amounts of data (i.e. over 10,000 mobile payments per day) via the company's proprietary cloud platform, M-KOPAnet.

Below the extract from Daily Nation is presented.

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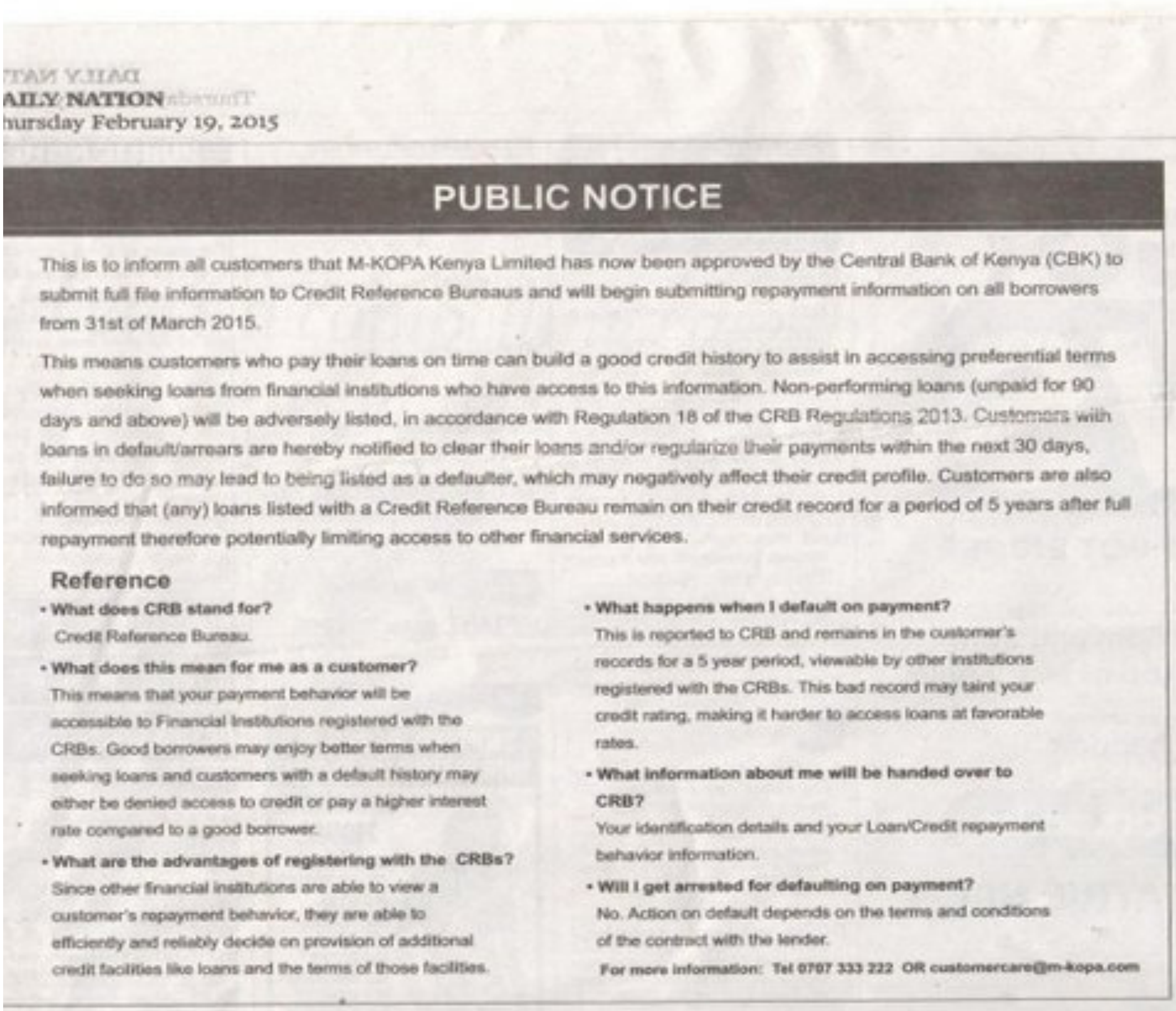

DAILY NATION
Thursday February 19, 2015

PUBLIC NOTICE

This is to inform all customers that M-KOPA Kenya Limited has now been approved by the Central Bank of Kenya (CBK) to submit full file information to Credit Reference Bureaus and will begin submitting repayment information on all borrowers from 31st of March 2015.

This means customers who pay their loans on time can build a good credit history to assist in accessing preferential terms when seeking loans from financial institutions who have access to this information. Non-performing loans (unpaid for 90 days and above) will be adversely listed, in accordance with Regulation 18 of the CRB Regulations 2013. Customers with loans in default/arrears are hereby notified to clear their loans and/or regularize their payments within the next 30 days, failure to do so may lead to being listed as a defaulter, which may negatively affect their credit profile. Customers are also informed that (any) loans listed with a Credit Reference Bureau remain on their credit record for a period of 5 years after full repayment therefore potentially limiting access to other financial services.

Reference

- **What does CRB stand for?**
  Credit Reference Bureau.
- **What does this mean for me as a customer?**
  This means that your payment behavior will be accessible to Financial Institutions registered with the CRBs. Good borrowers may enjoy better terms when seeking loans and customers with a default history may either be denied access to credit or pay a higher interest rate compared to a good borrower.
- **What are the advantages of registering with the CRBs?**
  Since other financial institutions are able to view a customer's repayment behavior, they are able to efficiently and reliably decide on provision of additional credit facilities like loans and the terms of those facilities.
- **What happens when I default on payment?**
  This is reported to CRB and remains in the customer's records for a 5 year period, viewable by other institutions registered with the CRBs. This bad record may taint your credit rating, making it harder to access loans at favorable rates.
- **What information about me will be handed over to CRB?**
  Your identification details and your Loan/Credit repayment behavior information.
- **Will I get arrested for defaulting on payment?**
  No. Action on default depends on the terms and conditions of the contract with the lender.

For more information: Tel 0707 333 222 OR customercare@m-kopa.com

Presently the new baseline study on CIS perception in the market is being conducted and final report shall be published in March – April 2015. This document will provide additional information for AKCP so to finalize new Communication Strategy, on which AKCP together with consultant from FSD Kenya have been working since October 2014.

One of the key challenges in raising public awareness is a financial resource. Reaching borrowers calls for high frequency and exposure, which certainly means a high media spend. On the other hand, a limitation in media campaigns means that fewer people can be reached at any point in time. This calls for a careful balance between reach versus impact. To manage this nexus, AKCP identified strategic partners in 2014 to undertake joint communication campaigns. *Jenga Future (Build your Future)* is one of these flagship campaigns being run in partnership with HELB. The campaign targets university students who are beneficiaries of the HELB loan, and seeks to nurture a culture of prompt repayment of the loans. AKCP also initiated similar campaigns with AFB Credit and M-Kopa, with a plan for rollout in the early stages of phase III.

Stakeholders interviewed for the purpose of this evaluation shared their comments on public awareness of CIS and provided some insightful ideas, which could be used for the new Communication Strategy. More details in reference to this subject are presented under Chapter 5 " Findings & Recommendations".

OUTPUT 6: Enhanced capacity of all institutions in the Credit Information System to function effectively.

The purpose of this component is to create capacity within banks, MFBs and all other credit providers joining CIS in terms of their staff understanding benefits of the full-file customer information sharing as well as the mechanisms used in CIS, so they can also pass the knowledge to their clients. This required a major effort in terms of capacity building by way of seminars, workshops and training courses.

The program included not only basic CIS training for staff, but also "train the trainers" program for key executives in the credit departments and branches of these institutions. The reason for this is to ensure that correct information about full-file CIS can be successfully mainstreamed to the whole financial sector.

AKCP has done a good job in explaining the benefits of full-file CIS to key executives in the commercial banks and MFBs. AKCP could be more effective in mainstreaming the message to a broader group of staff in those institutions. AKCP also needs to expand its outreach to other important credit providers notably the SACCOs, which are an important source of retail credit in Kenya, and all other institutions, which they see subscribing to this system. Therefore this output is marked as Partially Achieved.

OUTPUT 6 Enhanced capacity of all institutions in CIS mechanism to function efficiently	PARTIALLY ACHIEVED
6.1 Assess current status of key institutions	PARTIALLY ACHIEVED
6.2 Develop appropriate capacity building responses	PARTIALLY ACHIEVED
6.3 Implement capacity building program to ensure all key players are able to participate effectively	NOT ACHIEVED
6.4 Improve systems and product offer from credit bureaus	MOSTLY ACHIEVED
6.5 Upgrade the capacity of credit providers to utilize credit information	PARTIALLY ACHIEVED
6.6 Enhance capacity of regulators to provide effective oversight role	PARTIALLY ACHIEVED

For its part, KCISI has organized an impressive number of workshops and other events to explain and publicize the benefits of the CIS initiative as shown by a long list of external activities (forums, retreats, workshops and training courses) that they organized during the first 18 months of Phase II. AKCP continued its efforts in second part of Phase II (from May 2013 to end Dec 2014) with remarkable number of various capacity building activities organized for various stakeholders. These activities are listed in Annex 3 (“ List of Public Awareness & Capacity Building Activities”) of this report.

During the second part of Phase II AKCP put emphasis on credit taking MFIs and some of the licensed SACCOs, there have not been a general reach to other credit providers. Consequently assessment of current status of key institutions was limited to those two groups mentioned above. There were some individual exceptions, where ACKP reached out to some other institutions like: HELB or Women Enterprise Forum (government owned entities). In reference to MFIs AKCP is working closely with AMFI to promote CIS and build capacity within their members, there are also individual discussion forums or task forces organized directly with MFIs. AKCP would normally get involved with MFI directly once they are ready to join CIS and need assessment of their capacity and support with preparation to join credit information sharing.

AKCP with FSD Kenya assistance is currently working on capacity assessment of SACCOs, which shall be published in April 2015. This will provide further details on the factual preparedness of SACCOs to join CIS and how AKCP shall structure their capacity building strategy for this sector.

In the upcoming period AKCP shall include capacity building targeted at other groups than just MFIs and SACCOs and few other financial institutions, to ensure that all key players are part of the process.

Improvement of the systems and product offer from credit reference bureaus is not something, which is under full control of AKCP or any of the other project supporters (e.g. KBA, CBK and FSD Kenya). Credit Bureaus licensed in Kenya are private limited companies and are market driven, so the higher demand for their service and higher competition the better offering and quality of the service they would provide. Presently the third private credit bureau is entering the market – CreditInfo from Iceland, they are already present in Tanzania and recently won a tender to establish regional credit bureau (first of this type – sharing information amongst 8 countries) in West Africa – UEMOA region). CreditInfo has been given pre-license (so-called: approval in principle) from CBK at the end of 2014 and currently awaiting final approval after completion of the independent audit process, this shall be finalized in March/April 2015 and license given soon afterwards. This situation will further mobilize credit bureaus to improve their products and services, as well as increase their efforts in the capacity building area, with most probably some of them going directly to credit providers and offering various sessions and workshops on their own.

Both licensed credit bureaus, Metropol & TransUnion, introduced their scoring models. TransUnion made a public launch in February 2015, stating that the delays were due to the fact scoring requires historical data, especially positive data, which was only available starting from March 2014. Furthermore scoring models need adequate calibration, which corresponds to the characteristics of each country. In Kenya, for example, majority of individual loans are so –called "scheming loans", which means they are only given to salaried customers and are secured by the employer. The loan repayment is directly deducted from the salary on monthly basis. In such scenario most of individuals would pay on time, since they do not want to loose their jobs, which can create, not necessary 100% correct, perception that repayment rate of individual loans in Kenya is very high. Taking this into consideration under scoring model would require some sort of weighting or calibration, since not all individual loans could react in same way (e.g. what would happen if there was individual loan not linked to the salary). Metropol introduced their initial scoring for SMEs in 2014 followed by adding scoring onto their credit reports in 2015.

The institutions interviewed during this evaluation presented skeptical attitude towards using scoring reports (score cards) and implementing them into their internal credit risk assessment processes. It may be related to the fact that they are not 100% convinced of the predictability and accuracy of the scores, which is expectable at this early stage. Some of the banks mentioned they would like to understand in more details the methodology used by credit bureaus in developing a scoring model. There were few institutions, which confirmed they were in advanced discussions

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with credit bureaus about usage of scoring models and finding ways of using them along their current credit risk assessment tools. There is definitely room for continuous development and propagation of the use of scoring models in Kenyan market. Credit Bureaus shall make more effort towards capacity building in that area, to teach credit providers how to analyze the scoring models and use them to their benefit.

Metropol launched in 2012 (became operational 2014/2015) Crystobol, which is an Innovative solution that enables individual and business borrowers to register directly with Metropol Credit Bureau and access their Credit reports and/or Credit scores via their mobile phones. This service is still not widely known and not many customers are using it, especially when it comes to access to credit reports online. Where this could be a solution to the current issue of limited access to credit reports for consumers from outside Nairobi, it also poses some questions: are those credit reports as complete as the ones presented at the Metropol office, why customers shall pay any minimal fee for such report, while they have a right to their free annual report?

AKCP has been working closely with CBK to reach objectives of this project and manage to develop efficient partnerships. AKCP provided significant guidelines, through various forums and detailed reports, to CBK on way forward for the credit providers industry, which enabled for enhancing their supervisory role. CBK role as regulator over -sighting licensed credit bureaus and regulated financial institutions is increasing with the robust development of credit information sharing in Kenya and there is need to ensure that their supervisory role is sound and comprehensive.

Simultaneously AKCP shall look into enhancing its self-regulatory status.

More detailed findings and discussion can be found under Chapter 5 “Findings & Recommendations”.

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3. FSD KENYA & ASSOCIATION OF KENYA CREDIT PROVIDERS ROLE

FSD KENYA ROLE IN THE PROJECT

FSD KENYA has been supporting credit information sharing development in Kenya since it's early stages, and its commitments towards enhancing financial inclusion have been greatly appreciated across all the sectors of the economy, not being limited to the financial services industry. It is not too overstated to mention that it would not be possible to obtain current level of credit information sharing advancement without strong engagement and sustenance from FSD Kenya. FSD Kenya role can be categorized under four main areas mentioned below, which have been identified after throughout discussions with various stakeholders.

1. **Guidance**

FSD Kenya identified credit information sharing as one of the main components of the sound financial infrastructure, significant contributing factor towards Kenya Vision 2030. They took a lead on structuring the project since its inception in 2008 and provided continuous guidance to the initial Kenya Credit Information Sharing Initiative, during Phase I and later on towards Association of Kenya Credit Providers during Phase II. FSD strong monitoring requirements allowed for the project to advance at the planned paste and subsequently reach its targets.

2. **Funding**

Creation of the new industry, since it could be observed that credit information sharing (credit granting and credit reporting) has grown over years into a separate sub-sector of the Kenyan financial infrastructure, requires substantial funding. It is a long-term process, which can only deliver results if it is properly planned over long period of time and can be sustainable. FSD Kenya stable funding over the years allowed for the initiative to grow, advance into formally registered association and encompass credit providers coming from various sectors. It laid fundamentals for the robust credit information sharing structure. Currently Association of Kenya Credit Providers reached its critical stage, where the groundwork has been done and 'buy in' from major stakeholders obtained, it is still at its early stages of development, and therefore the issue of continuous financial support of its partners is of high importance. There is further reference to the sustainability of AKCP covered under Chapter 5 "Findings & Recommendations".

3. **Lobbying**

Credit Reference Bureau Project incorporates regulated entities like banks or Microfinance Institutions (under CBK), SACCOs (under SASRA) but also institutions, which fall under different authorities. Like for any other initiative, which spans over various sectors, regulation plays a key role, be it formal legislation, or some other form of self-regulation, which could be performed by other entity. Major stakeholders in this project, including AKCP and credit bureaus, agreed that FSD Kenya, as an independent and well-regarded non-governmental organization is best placed to provide lobbying on the regulatory aspects both in reference to the government as well as other institutions. FSD Kenya assistance with the amended Credit Reference Bureau Regulations allowed for the project to advance. There is need for continuous support from FSD Kenya on regulatory aspects of credit information sharing, priority ones being: review and enactment of Credit Information Sharing Bill and self-regulatory status of AKCP.

4. **Know-how, resources and capacity building.**

AKCP noted that FSD Kenya made available various other resources in terms of: support of FSD staff, consultants or administration, those played major role during Phase I of the project, and contributed to the outputs during Phase II. New organizations, like AKCP, tend to struggle due to the limited access to the know-how and broader experience, which can be drawn from the various different projects, and this is where FSD Kenya adds its value. Thanks to its broad network of contacts, research materials and projects (e.g. SME ones, Growth Cap, analysis of the MFIs etc.) it provides relevant contributions. AKCP further appreciated FSD Kenya for their on-going assistance with consultants, especially reviewing different stages of the project, as well as sub-components. Those evaluation reports provide AKCP with continuous insight on their progress, point out challenges and areas of focus, allowing them to stay on the right track and deliver as per highest standards. Unquestionably AKCP will need continuation of this type of assistance for the future.

AKCP ROLE IN THE PROJECT

Kenya Credit Information Sharing Initiative (KCISI), which developed into fully established Association of Kenya Providers in September 2013, has been a driving force for credit information sharing development in Kenya since 2008. Over years, with support from CBK, KBA and FSD Kenya, it became reputable leader of Credit Reference Bureau Project and an integral part of the financial infrastructure in Kenya.

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It is evident that without AKCP there would not be such a robust development of credit information sharing, which spans over regulated and non-regulated entities. All stakeholders interviewed for the purpose of this report expressed their great appreciation for the role AKCP has been playing and the professional assistance provided. Below is the summary of the role AKCP has played and indication of its increasing importance for the further development of CIS.

AKCP Role in credit information sharing in Kenya:

- Consolidation of all efforts – prior to establishing KCISI and later on AKCP there had not been consolidated effort for fully-fledged and well functioning credit information sharing system in Kenya. It was left up to private credit bureaus, which over many years have tried to convince financial institutions, especially banks to join credit reference bureau system. It took many years in Kenya to come to the point where CBK regulated institutions agreed to share negative data (2008). Entrance of AKCP allowed to consolidate the efforts of all stakeholders it order to develop phased and well structure approached, based on lessons learned from other markets. Thanks to the initiatives introduced by AKCP Credit Reference Bureau Act was amended, allowing full file credit information sharing starting from 2014. AKCP as a credit provider's industry forum brought together regulated entities, 3rd parties, consumers and regulators.
- Strategic and operational implementation – AKCP as a leader of Credit Reference Bureau Project developed strategic plans, which were followed through with operational action plans. Together with assistance from FSD Kenya the project has been kept on track. Stakeholders appreciated assistance on operational level, where it brought most added values.
- Intermediary for various stakeholders – bringing all credit providers together. AKCP has played an important role as an intermediary between regulators, competing private bureaus and interests of regulated entities. As an independent body it allowed for consultative approach towards same objectives of enhancing credit information sharing system.
- Capacity Building – AKCP took a lead role on training various institutions on matters related to credit information sharing, use of credit reports and guiding on the adjusting their internal processes. This was achieved from various meetings as well as workshops organized by AKCP.
- Regulation – AKCP has been actively involved in amending Credit Reference Bureau Regulation and lobbying for its enactment. Similarly they are currently working towards Credit Information Sharing Bill implementation as well as being governing body for the industry.

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- Full File credit information sharing – all stakeholders admitted that without AKCP assistance and guidance during full file credit reporting implementation it would take much longer to achieve. AKCP contributed time and resources during pilot and implementation phase and still assists subscribers of CIS with pertaining issues. There has not been similar efforts undertaken in Sub-Saharan region (apart from South Africa, where Credit Providers Association also plays a lead role) and proves that this approach has been very efficient and can be used as a role model for other countries going through similar process.
- Focal point for CIS in Kenya- where all information can be obtained, advisory to the stakeholders and consumer

Increasing AKCP role for the future of CIS:

- Governance – AKCP shall establish itself as a governing body for credit providers industry.
- Compliance – AKCP shall partner with CBK to ensure compliance of both regulated and non-regulated entities, which are joining CIS.
- Integration of 3rd parties into credit information sharing – AKCP will play crucial role in this process and shall ensure similar approach as for regulated entities is adapted.
- Knowledge Hub – AKCP becomes a knowledge center for the credit information sharing.
- Public Awareness – AKCP plays a key role in creation of public awareness of CIS.
- ADR- implementation of ADR, initiative started by AKCP is an important step towards consumers and assisting them in the dispute resolution. Its role will increase with time and more parties joining the system.
- Integral part of the financial infrastructure- AKCP became integral part of CIS in Kenya and all efforts shall be put towards enabling its sustainable growth.

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4. RISKS

During the research for this report stakeholders voiced their concerns in relation to the credit information sharing system in Kenya and the table below presents main risks mirroring the voice of the industry.

Those risks lay the background for the next chapter, which through various recommendations advises on possible mitigation solutions to address them.

Risk Description	Probability	Impact
Poor Data quality – this is a concern raised by stakeholders in view of 3rd Parties joining, especially SACCOs and non-regulated entities, it has close connotations with risk of non-governance, sound governance mechanism would address this issue.	Medium	High
Lack of sustainability of AKCP – refers to resources in terms of funding and human capital. In view of potential FSD funding being limited as well as not obtaining critical mass of membership it could have high impact. CIS in Kenya cannot afford at this stage to weaken current position and capacity of AKCP. On contrary AKCP shall strengthen its capacity to deliver on next phase of this project.	Medium	High
Lack of relevant governance of 3rd Parties – in view of consolidating non-regulated entities into CIS, the governance shall be of substitute, without relevant governing mechanism it exposures CIS to legal risks, poor data quality and diminishing trust in the system. This may be addressed by CIS Bill (and its additional review) as well as self-regulatory status of AKCP.	High	High
Poor Capacity Building amongst SACCOs – incorporating SACCOs have been mentioned as one of the main outputs for this and next phase. Initial findings suggest that majority of those entities do not have relevant capacity (systems, management, awareness), which would impact their readiness to join, as well as quality of the data used by CRBs.	Medium	Medium
Lack of sufficient understanding of CIS – the recent research on perception of CIS in the market as well as the opinions obtained from stakeholders indicate that there is still very low public awareness of credit information sharing in Kenya. This has direct implications on: willingness of third parties to join, poor customer	High	High

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understanding of the benefits and as consequence legal challenges. Another aspect related to this risk relates to lack of relevant resources within AKCP to conduct planned public awareness activities.		
Lack of critical mass of members for AKCP – this can be caused by lack of relevant public awareness amongst 3rd parties and limited readiness of SACCOs to join in. It would have direct implications on AKCP strategic plan and its budget predictions, in consequence impacting AKCP sustainability.	High	High
Legal challenges – new Constitution of Kenya apparently makes customers more aware of their rights, thus more prone to challenge issues in court. It is related also to lack of public awareness of the customer rights and systems like ADR in place to address their problems.	Low	Medium
ADR- insufficient internal capacity and low level of public awareness – with CIS gaining momentum and more public awareness planned, as well as 3rd parties joining in there could be increase of disputes raised by customers. Currently ADR mechanism set up by AKCP may not have sufficient capacity to deal with all of them. On the other side low level of public awareness amongst general public makes it still inaccessible.	Medium	Medium
New CBK Governor – the risk relates to the election of the new CBK Governor and potential changes at some of the high level functions within CBK. There has been strong support from out-going Governor, which did a lot for financial inclusion, and it also had positive impact on major policies related to CIS. It is of paramount importance that relevant lobbying is introduced towards new management of CBK to allow for the smooth continuation of the project.	Low	High
Change in FSD Kenya Project Management Team – currently AKCP Kenya maintains very good and close relationship with FSD Kenya team responsible for the project. In the situation where there could be any potential change with the FSD Kenya Project Leader it could lead to potential disruptions and time delays. It is of high importance to have smooth take over to maintain continuity of this assignment.	Medium	Medium

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5. FINDINGS & RECOMMENDATIONS

OVERALL RECOMMENDATION ON WAY FORWARD

Credit Reference Bureau Project Phase II proved to be successful and reached majority of the milestones from the initial plan, especially in the period since the last Mid-Term review was conducted in May 2013.

The great support from FSD Kenya as well as Kenya Bankers Association and Central Bank of Kenya allowed Association of Kenya Credit Providers build strong credit information sharing infrastructure, which forms the basis for its further development, critical to obtain financial inclusion in Kenya. Throughout the period between October 2011-December 2014 the project remained on course, keeping in mind its mains objective: "To support the development of an effective full file Credit Information Sharing (CIS) environment in Kenya that improves access to finance especially among small and medium enterprises (SMEs)." This was possible, thanks to well structured strategy, and abetted by detailed Road Map and Action Plans, which have been developed by AKCP and at every critical stage consulted with stakeholders, through frequent AKCP forums. AKCP performed creditable job and it is commendable to mention their ability to build a strong team of professionals, which are leading this project.

Few lessons learned during this Phase II are worthy of the special attention, and could be considered by other countries in the Sub-Saharan region as a successful case-study:

- Phased Approach – focusing on priorities first e.g. legal framework, incorporating regulated entities, establishing AKCP and building fundamentals for next phase of the project.
- Emphasis on enabling regulation – this prompted full file credit reporting and participation of all regulated entities in credit information sharing, good starting point to have full inclusion of all other credit providers.
- Involving all stakeholders in the process – enabled buy-in and smoothens the challenges.
- Strong assistance of AKCP during pilot project – which proved to be necessary component for smooth full file credit information sharing implementation within limited timeframe.
- Close cooperation with major stakeholders – CBK, KBA, CRBs – use of consultative, intermediary approach.

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Nevertheless the Phase II proves to be effective there are still two out of four outcomes not fully achieved, namely:

1. Full file information sharing by all regulated SACCOs, and
2. Increasing sharing by unregulated credit providers.

Those are addressed in more detail under Chapter 2, which deals with description of the outputs and relevant activities corresponding to them, explaining also the reasons why some of them were not fully achieved.

This finding provides justifiable grounds for the next phase of the project and necessitates focusing on remaining outputs (and some other aspects mentioned under various recommendations below) rather than adding too much of the supplementary scope. Going further it also proves that, with many challenges still to be addressed, AKCP will need full and continuous support of its main sponsors – CBK, KBA and FSD Kenya. This shall not only be limited to provision of guidance but more directly to sustaining its full funding, at least during the next 3 strategic years. This reports findings shows that there are many operational matters, which need more attention than anticipated initially. AKCP is currently at the critical stage, reaching its momentum, thus sustainable direction, which will be taken from here, is of paramount importance.

The main findings, challenges to be addressed and relevant recommendations have been grouped below.

DATA QUALITY

Data quality is of the paramount importance to the credit reference bureau project. It transpires that, even though regulated entities are under obligation to submit all files, there are still currently some gaps to be addressed. There is still certain level of mistrust amongst banks and MFBs towards the data quality presented under credit reports.

This aspects shall be carefully addressed, especially in view of the following concern: if the regulated entities, after a year since incorporation of full file credit reporting still face data quality issues, what will happen once non-regulated third parties join, without a relevant governing body in place?

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Main Findings

- Data Completeness – there are few files, which are not submitted by certain institutions, they would vary from one entity to the other so at this stage it is not possible to provide exact statistics. Some of the banks mentioned that they are not in position to submit files like: stakeholders, guarantors, bounced-checks to mention some most commonly quoted during this evaluation.
- Different Validation rules used by two different credit bureaus – this has been mentioned by all stakeholder submitting the data. Same sets of data are submitted to two different CRBs and instead of getting same feedback on success rates, the institutions quite often receive reports, which may vary by as much as 10-20% between each other. This information is supported by aggregated data received from CBK, clearly showing variances between two credit bureaus on their acceptance rates. This subject has been addressed by AKCP, however it requires further follow up.
- Updating data by CRBs – there are concerns raised by few institutions in relation to the quality on updating the data submitted by subscribers to CRBs. It has been brought to the attention of this evaluation that in one case of the big institution submitting data to one of the CRBs the updates on payments were not timely reflected on the CRB database. As consequence it created issues with customers disputing their records, and it has been noticed across the whole credit information sharing system. It had a negative impact on the data quality perception amongst consumers as well as subscribers to CIS.
- Concern about Non-regulated entities submitting their data – those credit providers are not currently under governance of common authority, this may create scenario whereas incomplete or not updated data is submitted. Without one authority, which could overlook this issue, the risk of potential legal cases from customers, or diminishing quality of credit reports may present itself in the near future, unless addressed by AKCP.
- Data Fragmentation – it transpires that non-regulated credit providers (3rd parties) do not have obligation to submit data to all existing credit bureaus (current regulation does not cover this aspect). As much as it can be explained by the fact that CRBs are competing amongst themselves for the data, plus submission to more than one CRB bears additional cost for the credit provider, it is important to note that it creates data segmentation in the market. The regulated entities using the data, without knowing which CRB has a full data (or complete set of data), risks that the information included in the credit report would not present the credible assessment of the customer.

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Recommendations:

1. Review of the existing data submission template for regulated entities– verification if all requested files, which are still not submitted by majority of the banks, shall be maintained, if yes then additional governance shall be used in order to execute full data submission within restricted deadlines.
2. AKCP to create formal task force (preferably seconded by KBA and CBK) to address different validation rules used by CRBs – this becomes even more important in view of third credit bureau being licensed.
3. Governing Role of CBK and/or AKCP – relevant audits shall be conducted and detailed analysis performed on the completeness of the submitted data, this would refer to: files, which are currently missing from submission forms, as well as some thresholds used by certain banks to submit only data above certain limit (only files above 1'000 KES as reported by one bank, or above 3'000 KES as mentioned by the other). If the process does not bring relevant results within agreed timeframes, penalties could be considered. The trend shall be to move from ensuring only data submission compliance in reference to the submission deadlines towards data quality obedience.
4. Provision of assistance to CBK in reference to their supervisory role over credit bureaus and regulated entities – there could be consultancy offered to CBK (e.g. by FSD Kenya), which would assist CBK with analysis of their internal capacity to perform relevant audits and checks of the industry under their supervision. The report would identify gaps and provide recommendations how to enhance quality verifications of the data submitted by regulated entities, as well as adherence to relevant guidelines by credit bureaus.
5. Central Data Hub – solution to the issue of data validation rules and fragmentation of data would be streamlining data submission from all credit providers through one central point – a data hub, which could be hosted by AKCP. In such scenario AKCP would be responsible for data acceptance (common validation rules) and could monitor data completeness. The data then would be transferred to all CRBs in the market for their further use and analysis. This solution requires further study, which shall be conducted by independent consultant. The study shall address issues like: is this the necessary solution, what are potential implications for the stakeholders and hub custodian, what would be the costs associated with it (funding, human resources) and if there are relevant case-studies from other markets, referring to same challenge.
6. Governance of the non-regulated 3rd parties on data submission – this could be addressed by provision of the relevant empowerment towards self-regulatory status of AKCP. This aspect is discussed under Regulation & Governance below.

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INTEGRATION OF SACCOs

The integration of all regulated SACCOs into credit information sharing has been identified as one of the major outcomes for Phase II and has not been achieved as yet.

Main Findings:

- Majority of SACCOs (even the ones regulated under SASRA) face governance issues (lack of capacity at the management level).
- Lack of readiness to join the CIS due to the poor data quality, manual systems in place. Average SACCO is not developed enough and would hinder the process due to lack of sound structures in place.
- Lack of capacity in terms of staff to champion the implementation for such project, as well as funding to adapt their internal processes and systems in line with requirements of the quality data submission.
- Lack of relevant awareness of credit information sharing – some of them do not understand what full file credit information sharing means, some associate CIS with listing their defaulted clients and not willing to share positive data.
- Lack of the amended regulation (under SASRA Act), which would address credit information sharing concept.
- One of the biggest and most developed SACCOs – STIMA SACCO has started its preparation towards full file credit data sharing, however they even noted that their readiness on scale 1-10 is currently stands at 8, and most of the SACCOs would be placed around 3. STIMA estimates that they may be fully functional in terms of full file credit information sharing by 2016.

Recommendations:

1. Analysis of the readiness of SACCOs to join CIS – there is a need for detailed report, which would investigate the SACCO market and provide findings on their capacity and readiness towards joining CIS, as well as the main areas of focus. Currently consultant contracted by FSD Kenya is preparing such report.
2. Road Map for SACCOs inclusion – using the above-mentioned report AKCP shall prepare Road Map, highlighting strategy and action plans how to incorporate SACCOs into CIS. Relevant capacity building within the industry would be required and AKCP shall take leading role on this and has direct involvement with SACCO pilot project.
3. Amended SACCOs Act – the SACCO Act shall encompass credit information sharing issues, the same way it has been done with Banking and Microfinance Acts. AKCP shall take a lead role on this assignment.

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4. Public Awareness of SACCO clients – AKCP shall incorporate into their communication strategy (Public Awareness campaign) SACCO market, with emphasis on SACCO clients. This way they would become the market force, driving the process of credit information sharing within this sector.

THIRD PARTIES JOINIGN CIS (inclusive of credit taking MFIs)

'Increasing sharing of credit information by non-regulated credit providers' has been listed as one of the four main outcomes for Phase II of the project, however it has not been achieved. Non – regulated entities, are the ones, which do not fall under CBK authority and as per Credit Reference Bureau Regulation include two main categories: institutions gathering public information and other credit information providers. Those, under the CRB regulation, are referred to as the 3rd Parties. Credit information sharing can only fully serve its purpose once the majority of credit providers join the system, this way it covers all various sectors of the economy, allowing also for greater financial inclusion.

Overall perception for 3rd parties joining CIS is positive with banks and MFBs showing willingness to see those entities on board, however there are also various concerns being raised.

Findings:

- Lack of relevant regulation / governing authority – there is no common entity, which could overlook governance of non-regulated parties joining CIS. As highlighted under Chapter "Risks" if this is not addressed in upcoming phase of credit reference bureau project it may create legal exposure for the credit providers industry.
- Data quality issues – currently subscribers of CIS noted that non-regulated parties might affect data quality of CRBs, which is directly connected with the point above.
- Limited understanding of CIS – this refers to overall perception of credit information sharing which persist currently in Kenyan market, meaning it is used as a tool for listing defaulters, as opposed to full file credit reporting. Some of the stakeholders interviewed for the purpose of this report were not willing, at this stage, to join CIS and share their positive data on their customers.
- Full file reporting – there is currently no guidance (in the absence of relevant governing mechanism) for 3rd parties to adhere to the reciprocity rules.
- Time frame for the incorporation of non-regulated entities –new AKCP Strategic Plan 2014-1019 puts emphasis on incorporation of those entities in big numbers. This would require significant amount of efforts towards building an understanding and certain level

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of preparedness of 3rd parties. Until now there have been only limited efforts undertaken to do so and mostly targeted at credit taking MFIs.

- Lack of coordinated efforts (Road Map) for 3rd parties to join CIS – presently CRBs are taking initiative to recruit 3rd parties into CIS, this is done without any structured coordination from AKCP.
- Data Submission Templates for 3rd parties – without coordinated efforts in place to incorporate 3rd parties there is no common template for this sector of the credit providers industry. Presently CRBs may define such templates, which translates into lack of common data input into CIS.

Recommendations:

1. AKCP to develop Road Map/ Action Plan for incorporation of 3rd Parties – AKCP shall focus on developing detailed Action Plan for incorporation of those entities; this shall include relevant pilot projects for each of the main groups of the 3rd parties, which would be targeted during next phase.
2. AKCP to define few main players/champions – in order to be efficient in the task mentioned above AKCP shall choose champions from each of the groups of credit providers and target those, this would send a message to the whole industry and others shall follow suit.
3. AKCP to address regulatory issues – AKCP shall take a lead on addressing regulatory issues for non-regulated entities and work towards obtaining strong self-regulatory status, which would allow for governance of those subjects (more details on this issue may be found under the next recommendation point).
4. Creating buy-in amongst 3rd parties – there is a need for intensified efforts towards creating of greater awareness and understanding of the CIS amongst 3rd parties. This shall be addressed through new communication strategy being prepared by AKCP.

REGULATION AND GOVERNANCE

The aspect of adequate regulation for credit information sharing and proper governance of all credit providers came up during all the discussions for this report, and shall be treated as a priority area during the next phase of the project.

Furthermore the sound governance of the credit providers industry will address many of the risks and findings mentioned under this report and that is why it constitutes crucial component of the CIS to go forward.

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Findings:

- Lack of understanding of the current regulations in place – discussions with various stakeholders brought to attention that there is still some misconception about current regulation in place. Some regulated entities are not fully aware that 3rd parties who are joining CIS (once CBK approved and with consent in place) will have access to the same information shared by regulated institutions. There are also misconceptions about implementation of the consent clauses, for example one entity was advised that they could send 30 day notice to their defaulting clients via mobile phone, which would allow them to list them on CRB database. This would only be correct in the case where the customer had previously submitted written consent. Notification about listing does not suffice submission of data to CRB, in the absence of the written consent (reference to Art. 25 of Credit Reference Bureau Regulation). Lack of proper understanding of the interpretation of the existing regulation might create risk for continuous misinterpretation and lead to the legal challenges in the future.
- Definitions used under Credit Reference Bureau Act – definition of non-preforming loans for MFIs institutions is different from the banks, this has implication on notice period for sending notifications to customers, which are in default. Regulation stipulates sending the notice out 30 days prior to the listing. In case of MFIs it proves difficult, since loan is classified as non-performing at 30 days, and not as in case of the banks at 90 days. In current scenario, if they would have to comply fully with existing regulation they would have to send out notifications to clients, which are not in default yet. Falling under same subject is definition of 3rd parties, which shall be better defined under the Credit Reference Bureau Regulations.
- Governance of 3rd parties – there is no governance mechanism for 3rd parties in place. As described under point referring to the 3rd parties joining CIS as long as they are CBK approved and have written consent from their client they can join any of the licensed CRBs. There is no mandatory requirement for them to join AKCP, which could play governing role in this scenario. As consequence there is no structured vetting process of those entities, the applications are submitted by CRBs to CBK without any pre-defined format. If the 3rd party is not willing to join AKCP then there is no Code of Conduct tin place, to which they would have to adhere to, meaning there would be no strictly defined guidelines on quality of data, submission and reciprocity.

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Recommendations:

1. Workshop on current Credit Reference Bureau Regulations – AKCP shall take an initiative to organize a workshop devoted to the matters related to the current regulation in place and address any pertaining issues, which are not fully understood. This could also be a good forum to bring to the attention issue of the governance of 3rd parties (review of CIS Bill and self-regulatory framework for AKCP).
2. Review of CIS Bill – Credit Information Sharing Bill, which objective is to provide umbrella regulation for whole credit providers industry has been drafted prior to launch of AKCP and full file credit reporting becoming operational. There is a spectrum of issues, which came up to the attention of the stakeholders since the launch of the amended Credit Reference Bureau Regulation. It is recommended that AKCP take initiative to coordinate the review of CIS Bill in the view of the findings included in this report. CIS Bill could also look into role of AKCP – the question of AKCP being enforced by regulations comes into place. This aspect is broad and necessitates further discussion, during evaluation of the CIS Bill as well outcomes of the self-regulatory framework for AKCP. The CIS Bill could also address any other remaining issues like for example definitions used under CRB Act.
3. Lobbying for CIS Bill to come into force – CIS Bill has been submitted to Treasury for further approval. Government of Kenya is in the process of structuring new governing bodies for various sectors of the economy, the ones which are related to this matter are: Financial Services Authority and Market Conduct Authority. At this stage it has not been decided under which authority AKCP and credit providers industry would fall under, it has implication on getting relevant CIS Bill approved. It is recommended that FSD Kenya provides assistance with lobbying on CIS Bill, since it remains important element of the regulatory structure for credit information sharing in Kenya.
4. Governance of regulated entities – recommendation on this point has been raised under Data Quality point, and refers to the enforcement of regulatory/supervisory role of CBK.
5. AKCP Self-regulatory framework – AKCP is best placed to become governing mechanism for credit providers industry. This can be gained through its self-regulatory framework, however would require relevant enforcement in order to make 3rd parties adhere to its guidelines, constitution and code of conduct knowing there would be relevant consequences for non-compliance, which can be imposed. The issue of provision relevant authority to AKCP in order to conduct its mission of governing authority is of highest importance and needs to be addressed promptly, through discussions with CBK, FSD Kenya. There is need to conduct more detailed analysis on the ways AKCP can be viewed as a strong self-regulatory body, having authority over credit providers industry. One of the solutions would be to make it mandatory for 3rd parties joining CIS to join AKCP, this

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however brings other implications like: shall voluntary association be made mandatory, especially in the context where there is no limitations for forming associations under Kenyan law. Additionally awaiting for CIS Bill to come into force may take time and delay the whole process. Potentially the most favorable solution would be to make membership to AKCP market driven, down to top approach. This could be obtained via partnership with CBK and CRBs. In this scenario, for example, CBK and CRB would sign MoU (or CBK issues special guideline for licensed CRBs) which stipules that it is mandatory for all credit providers signing contracts with CRBs to join AKCP. Current CRB Regulation allows 3rd parties to join CIS, through signing of the contracts with licensed CRBs, that means CRBs can influence this approach (ref. Art. 23.2 CRB Regulation). CBK could impose this on CRBs, and CRB could put a requirement in their contracts that any subscriber to CIS shall become and stay active member (this provides for sustainable membership over time) of recognized credit providers association – AKCP.

6. AKCP partnership with CBK – AKCP has started discussions with CBK on the enforcement of their role, which would also assist CBK in performing their regulatory duties. CBK is willing to enter into partnership and on consultative basis address the issues related to the governance of the credit providers industry, through regular meetings.

ALETRNATIVE DISPUTE RESOLUTION

Setting up of the Alternative Dispute Resolution within AKCP framework has been a great milestone. The ADR was launched in January 2015 and relevant structure was put in place. It is still at its infantry stage and requires additional efforts in order to be fully efficient and utilized by the stakeholders of CIS.

Findings:

- Lack of ADR awareness – majority of stakeholders interviewed remarked that they had limited knowledge of ADR center, some of them did not even hear of it. This message is coming directly from credit providers industry and mostly from the regulated entities, which are active users of CIS. In addition to this it transpired that customers (credit takers) are even less aware of this mechanism and its benefits towards resolution of the disputes, which arise in relation to the credit information reported to CRBs. General public not being aware of this alternative solution to the legal proceedings in court, still tends to use traditional ways via filing legal cases, which are not only time consuming, but also more expensive.
- Potential increase of the legal disputes – there is a view in the market that the new Kenyan Constitution created more awareness of consumer rights and people tend to be more

prone to defend their rights in courts. This combined with increase importance of CIS, as well as additional 3rd parties joining CIS (potential data quality risk) may lead to increase of the legal disputes launched in reference to the credit information sharing.

- ADR capacity to deliver on its purpose – as a newly set up structure ADR has limited resources, namely one legal counsel (who is also head of legal department at AKCP) and one mediator working on contract basis. This may prove to be insufficient for longer-term and with the CIS reaching its further stages of greater inclusion of credit providers.

Recommendations:

1. ADR Public Awareness – AKCP shall include ADR under its new communication strategy, so both credit providers as well as consumers are aware of the alternative dispute resolution mechanism in place.
2. AKCP plan to enhance capacity of ADR – in the anticipation of the increased demand for ADR services (more credit providers joining CIS, consumers becoming more aware of their rights) AKCP shall cater in their Strategic Plan for provision of the additional resources to be assigned to this structure. There shall be relevant training plans in place for the adequate personnel to handle disputes from the customers, in order to build capacity.

PUBLIC AWARNESS AND CAPACITY BUILDING (inclusive of greater access to Credit Reports)

Stakeholders of CIS interviewed for the purpose of this report, indicated creation of the public awareness as the highest priority, after data quality and governance aspects. It was noted that there has not been sufficient focus on it, which in turn affects other areas of the functional credit information sharing system like: willingness to join the system by 3rd parties, data quality issues, responsible use of credit and financial tools to mention a few.

Some organizations, which are currently subscribers to CIS or planning to become ones, lack knowledge on the use of the credit information, the know-how on the successful integration of the credit reporting into their internal credit risk assessment process, as well as understanding of relevant processes required for implementation of the full file credit reporting within their structures. There is still need for capacity building across various institutions, for example MFIs and SACCOs particularly mentioned strong need for this type of assistance.

Findings:

- Limited knowledge of CIS amongst public – general public still does not know much about credit information sharing, especially in the smaller cities and rural areas. Customers of the lending institutions usually learn about credit reference bureau once they have been refused credit and were informed about their listing on CRB database.
- Negative perception of CIS – base line study conducted in 2012 on the perception of credit information sharing in Kenya highlighted that it was mostly associated with 'blaclisting' of defaulting customers and had negative connotations. This was due to the fact that prior to 2014 in Kenya there was only negative information sharing, and the CRB system was predominantly used for debt collection purposes. Since then there has been a shift in credit information sharing from negative only to full file credit reporting (complete data is reported to CRBs) and various efforts were made by AKCP to explain the benefits of credit information sharing systems. From the discussions with stakeholders it is evident that the perceptions have not changed and majority of customers are not aware of the fact positive data is reported, and what are the long –term benefits for them arising from this.
- Customer rights – customers are not aware they have a right to one free credit report per year, some of the stakeholders interviewed had even misconception about it, thinking that there is only one free credit report they can obtain in their lifespan. The public is also not aware about ADR center and their right to resolve dispute without going through formal legal system.
- Very limited access to credit reports for customers – until recently customers could only obtain credit reports only directly from any of the two licensed CRBs (Metropol and TransUnion), which means that they had to physically present themselves at their premises. One can understand how limiting factor this plays, especially for the customers from outside Nairobi. Only recently Metropol introduced product Crystolbol, which allows for the Safaricom subscribers request their credit report via mobile (however they need also internet access for some additional registration purposes). First of all this is still not widely known, secondly there is a small fee associated with it. Moreover the CRBs were granted license to operate agencies across the country, in order to reach out to greater public, so far none of the credit bureaus took initiative to do this.
- Limited reach of public awareness efforts done by AKCP – AKCP conducted series of public awareness efforts like newspaper advertisements, general announcements and reaching to the public through workshops or regional conference. Those, however, were not sufficient in terms of their reach and one of the stakeholders even called them "elitist" in the sense they only focused on small group of English speaking population, based in Nairobi and probably coming from middle class and mostly being directly involved with financial sector industry. It was noted that there was no sufficient reach out to the local

wananchi, there was no reach to customers upcountry and rural areas (e.g. use of local languages).

- AKCP communication strategy – it was updated in revised in 2014, however there limited activities conducted. Moreover AKCP was focused on other priorities like full file credit reporting implementation and structuring internally of the AKCP, so the issue of the public awareness did not receive as much attention as it required.

Recommendations:

1. New Baseline study on CIS perception – the new baseline study on CIS perception within Kenyan market has been already requested by FSD Kenya and shall be available in April 2015. This new version of 2012 report shall be useful for adjusting new communication strategy of AKCP. It would also verify some of the statements presented under this chapter.
2. New Communication Strategy – AKCP has started working on the news Communication strategy 2015-2019, it shall take under consideration findings from the new baseline report as well as this Credit Reference Bureau Phase II evaluation. New Communication strategy shall have broader reach and represent holistic approach, considering the role CIS plays in greater financial inclusion and how it fits into financial literacy programs in Kenya.
3. Consumer Federation of Kenya – AKCP started partnership with Consumer Federation of Kenya and it is advisable to continue with this avenue and explore further options to reach to the greater public. The federation can present a good forum for AKCP to reach to various groups of consumers, potential and current credit-takers through structured discussion groups and forums. There shall be an Action Plan developed just for this activity and relevant monitoring applied.
4. Reaching to rural areas (low –level income customers, SMEs) – the findings of this report present that the reach of public awareness so far even within urban area of Nairobi has been limited. It is even worse in the rural areas or smaller cities and counties of Kenya. AMFI, MFIs and other institutions working with low income customers (many of them SMEs – which is a focus of this project) from all over Kenya highlighted their willingness to engage with AKCP. This is opportunity for AKCP to use their distribution channels to reach to those groups of people. Women Enterprise Forum indicated that they reach to rural areas through the network of their agencies as well as volunteers and organize also forums, this could be used by AKCP to distribute information, held discussions in selected areas and also obtain additional research on pertaining issues coming from the market. Other avenue could be reaching out to counties, its authorities and see how they can assist with organizing public awareness.

5. Radio – many stakeholders mentioned that the best way to reach out to greater public especially in rural area would be through the radio and utilization of the local languages, since often those people do not understand English or even Kiswahili. When it comes to public media, use of role models could be another good idea e.g. during breakfast shows on radio or TV.
6. Reaching to youth – youth consist important group of the any sector of Kenyan economy, since it is fast growing. Therefore it shall be educated on benefits of CIS from its early stages, this would allow for implementation of responsible lending in Kenya. HELB suggested that they could partner with AKCP on the program designed to reach to students, another institution mentioned that there are some special initiatives targeted at youth. There is also a way to reach into primary and high schools. Those avenues shall be explored while finalizing new communication strategy.
7. Partnership with other programs at government level – AKCP shall explore options of partnership with government, since they may have programs targeted at financial inclusion. There is also World Bank assistance provided to the Kenyan government under Kenyan Financial Services Sector Support Program (through Treasury). This program has a component for consumer education on credit information sharing, under access to finance. AKCP is advised to explore this potential. At same time there could be other relevant initiatives, which would allow joining forces and enhancing public awareness efforts of AKCP.
8. Capacity building programs – so far AKCP has been very active with various institutions providing them with training and assistance in reference to their internal capacity building. With time AKCP shall look into designing tailor made solutions, which could be offered at a certain fee to its members. There could be capacity programs targeted at various sectors e.g for MFIs, SACCOs, commercial credit providers etc.

SUSTAINABILITY OF AKCP

AKCP was publicly launched in September 2013, however it took over a year to put relevant structure in place and address various operational matters. AKCP became fully operational in January 2015, with first members being on-boarded, reaching a good number of 50 paid up members until March 2015.

Findings:

- Demand for AKCP – there is increasing demand for solid AKCP in place with all developments happening in relation to CIS.
- AKCP limited resources – AKCP over period of time managed to establish solid team of 6 professionals. They have proved to deliver good results and obtained necessary training in the area of credit information sharing, through attending various forums, conferences and courses. The current team reached its maximum capacity and would require further expansion in order to address upcoming challenges during the next phase of the project.
- AKCP Strategic Plan 2014-2019 – this strategy lays out optimistic scenario when it comes to membership base and membership sustainability. As mentioned in this report it is advised to be cautious on those numbers and ensure that there are other forms of income to sustain its growth.

Recommendations

1. Solid Self-regulatory status of AKCP – enforced by CBK, relevant regulation or CRBs (as explained in point referring to the Regulation and Governance). This would allow AKCP to ensure continued and sustainable membership base.
2. HUB solution – implementation of data hub for streamlining the data submission, would make it mandatory for all parties to join AKCP if they would be interested in joining CIS. This way AKCP would ensure sustainability of their members.
3. Funding from current sponsors – AKCP reached its crucial momentum, with solid fundamentals laid, but with lot of operational matters to be addressed during next phase of the project. AKCP still has limitations when it comes to the resources. To address growing demand for assistance coming from the credit providers sector in view of new members joining, governance and compliance aspects and building credit awareness it will require expanding its staff and assuring relevant funding in place. Sustainable membership with its critical mass still needs to be verified over next coming years. Therefore continuous support from current sponsors is required: CBK to continue provide office space within

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Kenya School of Monetary studies, KBA and FSD Kenya to maintain it's funding. Lack of sustainable sources of funds may create situation, where current staff is not assured of their future job security and this would create a significant risk for the well-established team of AKCP.

4. Value Added Services to AKCP members – with time AKCP could develop offer of various services, for which they could charge fees like for example- regional conference, which has gained relevant recognition within Sub-Saharan region, capacity building programs for its members (so far AKCP offered those for free), tailor-made training sessions for its members on the aspects related to the responsible lending and risk management, Kenya Case Study on CRB – there has been an interest coming from other countries from the region for the assistance from AKCP in sharing they know-how about successful implementation of CIS and such materials could be shared for a fee, AKCP CEO and its team becoming paid up speakers at regional conferences, research papers and analysis of the credit providers market (this requires solid team of analyst in place). Those offerings would increase AKCP recognition and could be a valuable source of additional income, developed over time. It is important to note that this type of services needs strong team in place and may take time to be introduced.
5. Additional Funding – AKCP shall explore avenues to find additional funding from other donors e.g GIZ, ADB or any other programs, which could be relevant to this project, and building financial inclusion in Kenya.

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6. ANNEXES

Annex 1 – List of the stakeholders visited during this evaluation

Annex 2 – List of Public Awareness & Capacity Building Activities

Annex 3 – Draft Media Report AKCP

Annex 4 – Full List of Banks in Kenya – as per CBK Annual Report 2013

Annex 1

STAKEHOLDERS MET DURING CRB PROJECT PHASE II EVALUATION

ORGANIZATION NAME	TYPE OF ENTITY	CONTACT PERSON
SPONSORS/PROJECT LEADERS		
FSD KENYA	NGO / SPONSOR	MR. James Kashangaki – Head Inclusive Growth
CENTRAL BANK OF KENYA	REGULATOR/SPONSOR	Mr. Reuben Chepng'ar – Banking Supervision
ASSOCIATION OF KENYA CREDIT PROVIDERS	PROJECT LEADER	MR. Jared Gatenga – CEO AKCP
KENYA BANKERS ASSOCIATION	SPONSOR	MR. Habil Olaka – CEO KBA
FSD KENYA - LEGAL	SPONSOR	Mr. Gitau Mburu – Policy Specialist
CREDIT BUREAUS		
METROPOL	Credit Reference Bureau	Mr. Sam Omukoko - CEO
TRANSUNION	Credit Reference Bureau	Mr. Wachira Ndege - CEO

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BANKS & MFBs		
CBA – Commercial Bank of Africa	Bank	Ms Karen Kantai – New Business Ventures (M-Shwari)
FAMILY BANK	Bank	Mr. Kevin Kiriga – Credit Monitoring & Reporting Department
NIC BANK	Bank	Mr Peter Nderitu – Head of Credit Department
CITI BANK	Bank	Ms Edith Okumu – Head Credit Risk Management EA Department
CENTURY BANK	MFB	Ms Pauline Githugu - CEO
STANDARD CHARTERED BANK	BANK	Mr. Peter Ngui- Credit Department
VICTORIA BANK	BANK	Mr. Mitesh Chouhan – Head of Credit
CO-OP BANK	BANK	Mr. Ndwiga – Head of Credit
FAULU	MFB	Mr. Peter Onsongo – Head of Credit
BARCLAYS BANK	BANK	Mr. John Wanjoki – Head of Credit
ECO BANK	BANK	Ms Judy Irungu – Head of Credit
KCB	BANK	Ms. Priscila Kiptoo & Mr Andrew Njeru – Head of Credit Department
STIMA	SACCO	Mr. James Mutura – Branch Manager Nairobi
ASSOCIATIONS/OTHER REGULATORS/		
AMFI	ASSOCIATION	Mr. Alex Gabriel – Analyst

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		AMFI
SASRA	SACCOs REGULATOR	Mr. Peter Njuguna – SACCO Supervision
CONSUMER FEDERATION	ASSOCIATION	Mr. David Kedode
GOVERNMENT INSTITUTIONS & OTHER ORGANIZATIONS		
HELB	HIGHER EDUCATION LOANS BOARD	Mr Geoffrey Monari – Loan Repayment & Recovery Manager
WEF	WOMEN ENTERPRISE FUND	Ms Claire Nyabere – Assistant Credit Manager
IFC	WOLRD BANK GROUP	Ms. Moyo Ndonde
USAID	NGO	Ms Titiane Donde
3rd PARTIES, OTHERS		
ORGANGE	TELCO	Mr. Eshio Mwaiwa – Head of Credit
AIRTEL	TELCO	Ms Topyster Muga – Head of Airtel Money
LEGISLATIVE DRAFTER	LEGAL (City Hall)	Mr. Gad Awuonda
SACCO Consultant	FSD Kenya Consultant	Mr. Mark Kimondo
AFRICAN TRADE INSURANCE AGENCY	3rd PARTY	Mr. Philip Mulaki – Senior Credit Analyst

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