# **Terms of Reference**

# **Technical Assistants to support Onboarding program for credit providers joining the CIS Mechanism**

## **Introduction**

In Kenya, the Credit Information Sharing (CIS) ecosystem consists of a number of players. These include three licensed Credit Reference Bureaus (CRBs); two Regulatory Authorities, namely Central Bank of Kenya (CBK) and Sacco Societies Regulatory Authority (SASRA); several regulated credit providers, namely commercial banks, SACCO’s and microfinance banks; various state lenders; a large number of non-regulated credit providers (referred to in Regulations as third party credit providers); various financial sector industry bodies, namely Kenya Bankers Association (KBA), Association of Microfinance Institutions (AMFI), Kenya Union of Savings & Credit Co-operatives Ltd (KUSCCO) and the industry body for CIS in Kenya (CIS Kenya).

CIS is the process that enables lenders to share information about their customers through CRBs. They submit data to the CRBs who in turn consolidate it and package it in the form of credit reports and credit scores which are sold back to lenders to assist them in making credit decisions and managing risk. CIS Kenya was established primarily to ensure an orderly development of the CIS mechanism in the country. One of its mandates is to encourage more participants to join the CIS framework and, in so doing, expand the range of data sources for the CRBs. This has the impact of enriching the predictive value of credit scores.

Over the years, the CIS mechanism in Kenya has witnessed a rapid increase in the number of unregulated credit providers who have joined the framework. This expansion has been celebrated for its contribution to improving the credit bureau coverage[[1]](#footnote-1). However,the data they provide has not always met stipulated data quality parameters and observance of best practices. These failures led to the suspension, in April 2020, of the regulatory approvals by the Central Bank of Kenya (CBK), pending fresh vetting.

Overall, the past approach to admitting third party participants has proved to be weak. It has failed to ensure that all participants:

* Share data with all licensed CRBs to avoid huge disparities in data from traditional data source;
* Submit full-file, accurate data to boost scores of low-risk borrowers;
* Update data at regular frequency;
* Correct erroneous data across the board after receiving and reviewing complaints;
* Respond to customer queries and resolved customer disputes;
* Ensure ease of access by customers; and
* Ensure issuance of pre-listing and post-listing notices.

In order to address these gaps, CIS Kenya, in consultation with industry players, developed a data validation and submission tool. This tool, referred to the ValiData, will be used by the lending institution to check the quality of its data in-house, before submitting the data simultaneously to the three licensed bureaus at the click of a button. In addition, CIS Kenya, working with industry stakeholders, has refined the Data Specifications Template (DST) that defines the standards and specifications of the data submitted to the CRBs, to ensure uniformity and acceptability of the data.

CIS Kenya is embarking on a six-month program aimed at ensuring that unregulated lenders meet a strict criteria before joining the CIS mechanism. This will involve evaluating, among others, the quality of their data processing systems, their capacity to submit quality data to the CRBs, and their ability to address complaints raised by their customers regarding accuracy of information submitted to the CRBs regarding them. This evaluation exercise will be supported by a few technical assistants.

## **Objectives**

These TORs will be used to help identify competent Technical Support Staff who will be engaged to work with CIS Kenya staff in a 6-month program of evaluating un-regulated lenders who apply to join the CIS mechanism. These applicant institutions will be evaluated on a criteria involving data management, ICT and other aspects before admission to the CIS framework.

## **Scope of Work**

* 1. **Undertake health checks on the applicants to assess readiness to submit credit information to CRBs**
     1. Liaise with the applicant institutions and schedule meetings at their premises to verify their physical location, availability of competent staff to undertake data submission and handle customer complaints;
     2. Identify capacity gaps and give recommendations on how to address them; and
     3. Monitor and evaluate the progress made by each applicant in addressing capacity gaps identified.
  2. **Coordinate the Pilot Process** 
     1. In liaison with the Assistant Project Manager, provide ValiData credentials to the applicant institutions to assist in the quality testing process;
     2. Liaise with CRBs to test submissions through the ValiData;
     3. Make follow-ups with individual lenders to monitor progress in the data clean-up process and adherence to the Data Specification Template (DST);
     4. Submit periodic reports to the Team Leader or the Project Manager; and
     5. Recommend Go-live, based on the state of readiness of each applicant institution.
  3. **Report writing**
     1. Draft individual institutional reports on their onboarding journey; and
     2. Compile summary reports of all institutions onboarded.
  4. **Capacity Building**
     1. Monitor the statistics of the already onboarded lenders and give recommendations on how to address any capacity gaps identified;and
     2. Provide regular training for on-boarded lenders on how to improve adherence to the DST.
  5. **Any other role as may be assigned by the Assistant Project Manager/ Project manager/CEO CIS Kenya**

## **Conduct of Work**

The Technical Officers will report to the Assistant Project Manager.

## **Outcomes and deliverables**

The anticipated outcome of this assignment will be:Successful onboarding of the third-party CIPs to enable them subscribe to CIS Kenya Membership as well as providing support to members to attain the industry set threshold on data accuracy.

The main deliverable will be periodic evaluation reports using a standard template.

## **Competency of the Technical Officers**

1. Degree in IT, Statistics;
2. Knowledge and experience working with databases;
3. Knowledge in data analysis;
4. At least 1 year experience interacting with the CIS mechanism; and
5. Familiarity with operations of the financial sector in Kenya.

## **Duration**

The successful candidates will be engaged for a period of 6 months that can be extended depending on their individual performance, Association’s needs as well as availability of funding.

1. According to the World Bank Ease of Doing Business Indicatiors, Kenya’s score for “Getting Credit” improved from 90 in 2019 to 95 in 2020, while the percentage of the adult population with a credit bureau profile rose from 30% in 2019 to 36.4% in 2020. [↑](#footnote-ref-1)