

# Western Hemisphere Credit and Loan Reporting Initiative (WHCRI)



WHCRI ACTIVITIES TO DATE

WHCRI WORKSHOP  
JANUARY 27-28, 2010  
MEXICO CITY, MEXICO



CENTRO DE  
ESTUDIOS  
MONETARIOS  
LATINOAMERICANOS  
Asociación Regional de Bancos Centrales



Strengthening Financial Sectors

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# Origin and Objective



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- **Origin of WHCRI**

- In September 2003, due to the success of the Western Hemisphere Payments Initiative (WHI), LAC Central Bank Governors decide to launch a similar initiative in the region: Credit and Loan Reporting Systems (CLRS)

- **Objective**

- Describe and assess the credit and loan reporting systems of the Western Hemisphere with a view to identifying possible improvement measures in their efficiency and integrity
- Define a comprehensive set of policies for the CLRSs in the region



# Pillars of WHCRI

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- Integration of Credit & Loan Reporting Issues



- Cooperation with international organizations



- Country Ownership



## THE WORLD BANK

(Lily Chu, Massimo Cirasino)

- Coordinates Core Team for Implementation of Initiative
- Developed common methodological framework
- Undertakes country studies
- Coordination with FIRST Initiative, CEMLA and ICC

## CEMLA

(Javier Guzmán)

- Contributes with World Bank to undertake the country studies
- Produces, together with Country Authorities, the Orange Books
- Administration of the network of communications, as well as relevant documentation ([www.whcri.org](http://www.whcri.org))
- Supports the creation and on-going operation of a Regional Group

## FIRST INITIATIVE

(John Gutin, FIRST Management Unit)

- The Financial Sector Reform and Strengthening (FIRST) Initiative is a multi-donor grant facility providing technical assistance (TA) to promote financial sector strengthening launched in 2002 ([www.firstinitiative.org](http://www.firstinitiative.org))
- Major donor for the WHCRI Initiative



# Activities to Date from 2003- 2010



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2003

- Preparation of Relevant Documents-Working Papers
- Assessment Tools I-IV
- Initial Contacts with ICC Members
- Initial Contacts with countries in LAC
- Identification of Consultants

2004

- WHCRI Launch with Workshop August 2004
- International Consultative Committee (ICC) Meeting
- [www.whcri.org](http://www.whcri.org) webpage is operational
- WHCRI Assessments: Mexico, Colombia

2005

- ICC Meeting
- Mid-Term Evaluation of Results
- WHCRI Assessments: Brazil, Peru

2006

- Evaluation Workshop WHCRI
- WHCRI Assessments: Uruguay, Trinidad & Tobago, Costa Rica

2007

- ICC Meeting
- WHCRI Assessments: Chile

2008

- WHCRI Assessments: Argentina

2009

- WHCRI Assessments: Panama

2010

- Policy Documents: Public Credit Registries and Legal Framework
- WHCRI Workshop
- WHCRI Assessments: Guatemala, Honduras

# Completed WHCRI Assessments as of January 2010

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- Mexico August 2004
- Colombia November 2004
- Brazil January 2005
- Peru November 2005
- Uruguay May 2006
- Trinidad & Tobago Oct.2006
- Costa Rica December 2006
- Chile August 2007
- Argentina November 2008
- Panama December 2009
- Guatemala February 2010
- Honduras Spring 2010



# Main Findings



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## As a view of the Recommendations Report

### 1. General Overview of CLRS

- Most of the countries have a certain development: private and/or public credit registries exist

### 2. Legal Framework for Credit Reporting

- Legal and regulatory issues (incomplete, back steps, stagnation of proposed legal changes)
- Weak consumer protection (lack of consumer protection agency, judicial rather than administrative procedures)
- Bank secrecy does exist, transparency is encouraged by most of the authorities



# Main Findings



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## 3. Present Operation and Features of CLRS

- Insufficient outreach (sometimes predominates negative consideration of the system)
- Lack of positive information sharing affecting the effectiveness of creditworthiness predicting tools
- Improvements needed to the public credit registries in order to be an efficient instrument for risk based supervision
- Governance problems in the private credit bureaus affect confidence and competition

# Main Findings



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## 4. Role of Authorities in CLRS

- Fragmented role of different authorities freezes an integrated approach for the efficiency in sharing and assuring safe information
- Mandate of the authorities many times “compliance based” versus an “oversight function”
- Lack of efficient cooperation among authorities

# Main Findings



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## 5. Cooperation in the market

- Lack of adequate interaction with other systems (e.g., payment systems, identification databases) are missing opportunities for information quality improvement
- Sharing of mandatory collected information by the public credit registry affects industry development
- Fragmented information (e.g., banks vs. retailers)

# WHCRI Follow Up Work



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- **Chile**
  - Review of the new legal framework for the credit reporting industry
- **Colombia**
  - Review of the Habeas Data Law
  - Ongoing discussions with MoF on regulatory framework
  - Support on the institutional framework regarding data protection (including consumer's rights and oversight role for credit reporting)

# WHCRI Follow Up Work



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- Mexico

- Support on the Legal Reform on credit reporting especially regarding the oversight role of the CNBV towards private credit registries and the consumer protection agencies regarding consumer's rights related to credit reporting

- Peru

- Upgrade of the public credit registry for supervisory purposes

- Uruguay

- Support on the inclusion of microfinance data to the credit information system

MUCHAS GRACIAS!

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