

A World Bank Group Flagship Report

14<sup>TH</sup> EDITION

# Doing Business 2017

Increasing Equality of Opportunity

Getting Credit—Credit Information



**WORLD BANK GROUP**

Charlotte Nan JIANG

Co-author, *Doing Business 2017*

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# METHODOLOGY: DEPTH OF CREDIT INFORMATION (1)



The depth of credit information index measures rules and practices affecting the **coverage, scope and accessibility of credit information** available through either a **credit bureau** or **credit registry**.

A score of 1 is assigned for each of the following 8 features of the credit bureau or credit registry (or both):

<b>Who are covered?</b>	<ol style="list-style-type: none"><li>1. Data on both <b>firms and individuals</b> are covered.</li><li>2. Data on loan amounts below <b>1% of income per capita</b> are covered.</li></ol>
<b>Type of credit information?</b>	<ol style="list-style-type: none"><li>3. Both <b>positive credit information</b> (e.g. original loan amounts, outstanding loan amounts and a pattern of on-time repayments) and <b>negative information</b> (e.g. late payments and the number and amount of defaults) are reported.</li><li>4. Data from <b>retailers or utility companies</b> are reported in addition to data from financial institutions.</li><li>5. At least <b>2 years of historical data</b> are reported. Credit bureaus and registries that erase data on defaults as soon as they are repaid or report negative information more than 10 years after defaults are repaid receive a score of 0 for this component.</li></ol>

## METHODOLOGY: DEPTH OF CREDIT INFORMATION (2)

### Additional features

6. By law, borrowers have the **right to access** their data in the largest credit bureau or registry in the economy. Credit bureaus and registries that charge more than 1% of income per capita for borrowers to inspect their data obtain a score of 0 for this component.
-  7. Banks and financial institutions have **online access** to the credit information (through a web interface, system-to-system connection or both).
-  8. Bureau or registry **credit scores** are offered as a value added service to help financial institutions assess the creditworthiness of borrowers.

### Credit bureau and credit registry coverage:

- The coverage reports the number of individuals and firms listed in a credit bureau or credit registry's database as of **January 1, 2017**, with information on their borrowing history from the past 5 years + the number of individuals and firms that have had no borrowing history in the past 5 years but for which a lender requested a credit report from the bureau or registry in the period between **January 2, 2016 and January 1, 2017**.
- The number is expressed as a percentage of the adult population (the population age 15 and above in 2016 according to the World Bank's World Development Indicators).
- If the credit bureau or credit registry covers less than **5% of the adult population**, the score on the depth of credit information index is 0

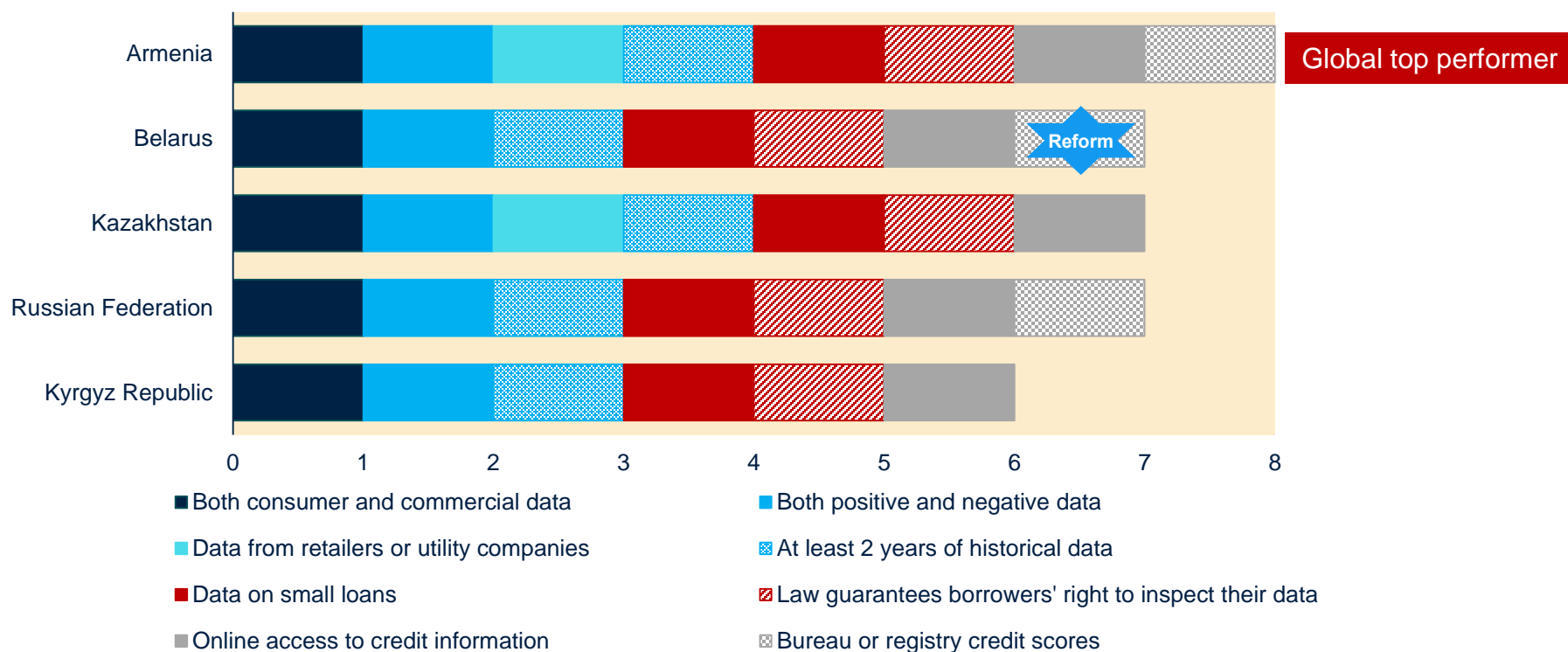
# GOOD PRACTICES IN CREDIT REPORTING

Practices	Economies	Examples
Reporting good as well as bad	126	Eurasian Economic Union
Collecting and distributing data from retailers or utility companies	68	Armenia; Bosnia and Herzegovina; Georgia; Kazakhstan; Latvia; Lithuania; Macedonia, FYR
Lowering or eliminating minimum loan thresholds	131	Eurasian Economic Union
Providing online access for banks and financial institutions	130	Eurasian Economic Union
Offering bureau or registry credit scores as a value added service	79	Armenia; Belarus; Georgia; Latvia; Lithuania; Romania; Russian Federation; Serbia; Tajikistan; Turkey; Ukraine; Uzbekistan

# HOW DID EURASIAN ECONOMIC UNION PERFORM ON DEPTH OF CREDIT INFORMATION IN 2015/16?



In 2015/16, Armenia improved its credit information system by adopting a new law on personal data protection. Moreover, in Belarus the credit bureau started to provide credit scores, strengthening the credit reporting system.



Note: 30 economies score 8 out of 8 points on the depth of credit information index in *Doing Business 2017*: Argentina, Armenia, Bahrain, Canada, China, Dominican Republic, Ecuador, Arab Republic of Egypt, Georgia, Germany, Honduras, Republic of Korea, Latvia, Lithuania, Malaysia, Mexico, New Zealand, Nicaragua, Panama, Peru, Poland, Rwanda, Saudi Arabia, Taiwan (China), Tanzania, United Kingdom, United States, Uruguay, West Bank and Gaza and Zambia.

Source: *Doing Business* database.

# THANK YOU!

## Questions



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