UNIQUE IDENTIFICATION FOR CREDIT REFERENCING

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- CRS Biometric UID
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About Central Bank of Liberia

- Principal Regulator of the Financial Sector
- Financial Inclusion is key pillar
  - Financial Inclusion Initiatives
    - Microfinance Institutions
    - Credit Unions
    - Village Savings and Loan Associations
    - Rural Community Finance Institutions
    - Electronic Payment Platforms
- Credit Reference System
  - Key Challenge of EXISTING system is that indexing is based on Customer Name. No UNIQUE Identifier for Customers
Enhanced CRS Project Objectives

- Design and develop as a functional proof of concept – a working model for a Credit Bureau that will be ready for deployment after the project
- Automated credit data collection/reporting to CBL that addresses the existing information gaps in the current credit reference system
- Inclusion of more customer segments - thereby allowing non-traditional banking customers to be part of the financial system
Enhanced Credit Reference System

- Addresses critical problems within the financial sector and makes financial inclusion a realistic possibility
- Unique Identification using ABIS facial recognition
- Custom built credit score application
- Capacity for on-going collection of credit and payment data from all participating financial institutions
- Collaboration of CBL with OeSD International of Vienna, Austria
CBL Enhanced Credit Reference System

- Project supported by CBL and 11 participating Financial Institutions
- Project is implementing the building blocks (phased deployment approach) to provide a full range of credit bureau services based on accurate and unique identification of account holders and borrowers.
- Project has enrolled all bank employees and will be ensuring functionality by generating credit scores of bank employees before making available to all customer.
- Project has capacity for collecting and delivering of credit/payment data from/to all participating financial institutions.
Improved CRS – Biometric ID

- Real-time facial recognition
- Unique Personal Identification Number
Improved CRS - Unique Personal Identification Number

- Name verification at Enrolment
  - National ID card
  - Passport
  - Driver’s License
  - Voter’s Registration Card
  - Employment ID (Bank employees only)

- Long-term Systems interlink
  - CRS UID and NIR number
Improved CRS - Credit Score

- Critical tool for Financial Inclusion
- Same set of rules apply to everyone
- Scalable delivery model
- Generate Personal Credit Score
  - *Personal Loan*
  - *Business Loan (SMEs and sole propriety)*
- Company/Corporation Credit Rating
  - *Influenced by credit scores of decision makers (board members, president, managing directors, etc.)*
- Credit Score Software Questionnaire
  - *Similar to credit application form*
- Monthly automatic updates from bank transaction data
# Improved CRS – KYC & Credit Score Categories Details

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<th>Demographic Data</th>
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<td>Kids</td>
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<td>Accommodation</td>
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<td>Years at Residence</td>
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<td>Income/cost</td>
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<td>Assets/long term debts</td>
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<td>Short term credit use</td>
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<td>Oldest credit</td>
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<td>Average credit runtime</td>
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<td>Collateral</td>
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<td>Latest credit age</td>
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Improved CRS - Credit Score UI
Improved CRS & Financial Inclusion

- **Microfinance Institutions**
  - 18 registered microfinance institutions in Liberia
  - Ensuring all members of NEMIL (Network of Microfinance Institutions in Liberia) have access to CRS will be crucial for accomplishing financial inclusion goals

- **Credit Unions**
  - Key to providing financial services to rural Liberia
  - Credit unions are member-based institutions engaged in savings mobilization and credit extension
  - CRS can ensure unique identification and credit history of each member to leverage again bad creditors risks and reward good borrowers

- **Village Savings and Loan Associations**
Improved CRS & Financial Inclusion

- Rural Community Finance Institutions
  - Owned by members of the communities through capitalization share purchases
  - Mobilization of savings in the rural communities will also spur local investment and increase economic activity
  - Overtime, people in the rural areas will become more fully integrated into the traditional banking sector
  - **Provide entire suit of CRS services to rural community finance institution**

- CBL Promote Use of Electronic Payment Platforms
  - Enhancement of the existing mobile money guidelines to promote greater competition in the delivery of mobile financial services.
  - ATMs, POS, Mobile Money/Mobile Apps
  - **CRS DAC Mobile App is a secured mobile app that allows users to access their Unique ID (UID) and CRS profile with associated accounts from any financial institution**
Next Steps – Goals/Benefits of a Full-service Credit Bureau

- Reduces the need for high reliance on “physical collateral”
- Enables the “unbanked” to have a credit history
- Decreases loan cost and processing time
- Increases access to financing of SMEs
- Lowers interest rates over the long term
Next Steps (6-12 Months)

- Launch Service to all Customers of participating banks
- Expand Services to other institutions needing credit information
- Transfer of Project Ownership
  - Participating Financial Institution OR
  - Private Company with oversight of Financial Institutions