



PRESS RELEASE

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CBK LICENCES THE SECOND CREDIT REFERENCE BUREAU – METROPOL CREDIT REFERENCE BUREAU LIMITED (METROPOL CRB)

The Central Bank of Kenya (CBK) has granted a licence to Metropol CRB to offer banking sector credit information sharing services in Kenya. Metropol Credit Reference Bureau Ltd, which is a wholly-owned Kenyan company, is the second licensed credit reference bureau in Kenya after CRB Africa Ltd which was licensed in February 2010. The licence has been granted pursuant to the Banking (Credit Reference Bureau) Regulations, 2008 which empower the Central Bank of Kenya to licence and supervise credit reference bureaus (CRBs) in Kenya. CRBs facilitate information sharing among institutions licensed under the Banking Act.

The licensing of Metropol CRB is expected to enhance competition in the credit information sharing market. This will lead to increased choice for banks and product variety. Customers will also have more options in accessing their credit reports.

Credit information sharing was rolled out in July 2010 and banks submitted credit information to the licensed credit reference bureau in August 2010. Commendable progress has been made so far with banks having already submitted over 760,000 records to date. Banks have also started accessing credit reports from the licensed bureau for credit appraisal purposes. Since August 2010, banks have accessed 442,128 reports from CRB Africa. The monthly average number of credit reports accessed by banks currently stands at 63,161. On their part, customers have accessed 865 reports since the rollout of the credit information sharing mechanism. It is noteworthy that individuals are eligible to access one free credit report per year from licensed credit reference bureaus.

While the uptake of the credit information sharing mechanism by banks and individuals is laudable, much more potential remains to be exploited. In this regard, CBK and the Kenya Bankers Association (KBA) launched a nation-wide credit

information sharing sensitization campaign in February 2011. The campaign has so far covered Kisumu (Western Kenya), and Eldoret (North Rift) and Mombasa (Coast region). The sensitization campaign targeting bank staff, bank customers, business community, opinion leaders and the general public is expected to increase awareness and usage of the credit information sharing mechanism.

It is the Central Bank's expectation that the benefits of credit information sharing significantly reduces information search costs and lowers credit risks. These benefits should start being reflected in reduced cost of credit in the short to medium term. Banks have cited high credit risk as one of the factors leading to the high cost of credit in Kenya. Credit information sharing substantially mitigates credit risk and should therefore be reflected in reduced risk premiums in the pricing of credit.

The Central Bank also urges Kenyans to ensure that their credit information held by their banks is accurate. They should also take advantage of the licensing of credit reference bureaus to access their credit reports. Whereas banks are only mandated by law to submit negative credit information to bureaus, bank customers should contact their banks and give the requisite consent for sharing of their positive credit information. This will enable customers to negotiate the pricing of loan facilities with banks on the basis of their credit reports.

CBK as an agent of Government will continue to partner with the Kenya Bankers Association, licensed credit reference bureaus and other market players to strengthen the credit information sharing mechanism. An effective credit information sharing mechanism will catalyze the provision of affordable credit to a majority of Kenyans. Affordable and accessible credit is a key prerequisite to Kenya's economic development as envisaged in Vision 2030.

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