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PRESS RELEASE

THE CENTRAL BANK OF KENYA ROLLS OUT CREDIT INFORMATION SHARING FOR THE BANKING SECTOR

The Central Bank of Kenya (CBK) has today announced the formal roll out of credit information sharing in the banking sector with effect from **31st July 2010**. This follows the operationalization of the Banking (Credit Reference Bureau), 2008 Regulations on 2nd February 2009 and the licensing of the first Credit Reference Bureau in February 2010. Institutions licensed pursuant to the Banking Act will be required to submit information on non-performing loans and other information sets as at **31st July 2010** to licensed Credit Reference Bureaus by **10th August 2010**. Monthly updates will thereafter be submitted by the 10th Day of the succeeding month.

The roll out of credit information sharing in the banking sector is a culmination of intensive efforts by Government, CBK, the Kenya Bankers Association (KBA) and other players. This partnership has seen the enactment of an enabling legal and regulatory framework and the licensing of one CRB. To facilitate a smooth roll-out, four pilot runs were conducted between February and June 2010. The pilot runs conducted by banks and Credit Reference Bureau Africa were intended to assess the capabilities of banks and CRBs in rolling out the credit information sharing mechanism. The pilot phase has provided reasonable assurance that the mechanism can now be rolled out.

The Banking (Credit Reference Bureau) Regulations, 2008 provide for the mandatory sharing by banks of information on various aspects including non-performing loans. However the Regulations also provide for the sharing of positive information on performing loans and customer behavior on repayment and history. The Central Bank therefore urges bank customers to contact their banks to be advised on modalities of positive information sharing. Both sets of information sharing will enable Kenyans build information capital that will be used to access and negotiate competitive pricing for credit and also improve the plethora of financial services in the sector.

Information asymmetry between banks and borrowers has for long constrained access to credit in Kenya. Credit information sharing will open the doors for more Kenyans, particularly those in the Informal and Small and Medium Enterprises to access credit based on their information capital without resorting to the traditional collateral requirements. This will ultimately promote investments and wealth creation uplifting the living standards of Kenyans pursuant to Vision 2030. It will also change the costly process of the current collateral practices and introduce new ideas on collateral technology to be used.

As the credit information sharing mechanism is rolled out, CBK in conjunction with KBA will conduct public sensitization to ensure that Kenyans understand and take full advantage of this new innovation. The CBK and KBA also launched the Kenya Credit Information Sharing Initiative (KCISI) in 2009. KCISI will oversee the smooth implementation of credit information sharing in the banking sector. More importantly, KCISI will work with the Government, CBK, KBA and other players to extend credit information sharing beyond the banking sector. A significant proportion of Kenyans access credit beyond the banking sector and it is imperative that they be brought on board and derive benefits from their information capital.

As the roll out date of 31st July 2010 approaches, the Central Bank urges bank customers to consult their banks and ensure that their account information and records are up to date and reflect the business they are in.

The Central Bank of Kenya as an agent of the Government remains committed to partnering with the market players to ensure that structural constraints to accessible and affordable credit are addressed.



PROF. NJUGUNA NDUNG'U
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