

Governor

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## **PRESS RELEASE**

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### **CBK LICENCES THE FIRST CREDIT REFERENCE BUREAU - CREDIT REFERENCE BUREAU AFRICA LIMITED (CRB AFRICA)**

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The Central Bank of Kenya (CBK) has today granted a licence to CRB Africa to offer banking sector credit information sharing services in Kenya. CRB Africa, a wholly-owned Kenyan company, pioneers as the first ever licensed credit reference bureau in Kenya. The licence has been granted pursuant to the Banking (Credit Reference Bureau) Regulations, 2008. The Regulations empower the Central Bank of Kenya to licence and supervise credit reference bureaus (CRBs) in Kenya for institutions licensed pursuant to the Banking Act.

The licensing of CRB Africa marks a new dawn in the Kenyan banking sector; both institutions and customers stand to benefit from credit information sharing. A credit reference bureau collates, compiles and disseminates credit information on borrowers within the banking sector through a fully electronic system. Banks will be able to submit credit information and request for and obtain credit references on potential or existing customers, as part of the bank's credit risk management.

Credit information sharing will undoubtedly play a pivotal role in reducing the information asymmetry that exists between banks and borrowers. Banks will be able to get credit information on prospective borrowers that will facilitate assessment of credit requests. Conversely, a good credit record for a borrower will act as an incentive for competitive pricing of loan facilities. In a nutshell, credit information sharing will reward and promote good credit track record.

Kenyan particularly those in the informal and small and medium enterprises have faced challenges in obtaining credit over the years. This has in part been attributable to the lack of physical collateral that banks have requested for to guarantee loans. The information to be collated by bureaus will in this regard act as "information capital" for these market niches. This will overtime change the demands for physical collateral and enhance the bank/client or lender/borrower relationship. Access to credit will therefore be considerably enhanced with the attendant positive impact on the economy.

It is noteworthy that other than CRB Africa, CBK has received two other applications for credit reference bureau licences from Metropol Credit Reference Bureau Limited, a Kenyan entity and Compuscan Limited of South Africa. These are being processed and are expected to be licensed once they comply with all pre-licensing requirements. CBK believes that with several CRBs, the market will benefit from reduced costs from information search and inherent innovation from competition.

CBK believes that credit information sharing will facilitate a reduction in the cost of credit and appropriately analyzing and pricing risks. Lack of credit information has in the past led to banks factoring a risk premium in the pricing of credit. The Bank in collaboration with the Government and the market players will continue to address other structural rigidities that contribute to the high cost of credit. Affordable and accessible credit is the bedrock of Kenya's national development aspirations as encapsulated in Vision 2030.



**PROF. NJUGUNA NDUNG'U**  
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