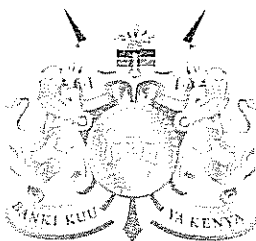


**BANKI
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BANKING CIRCULAR NO. 1 OF 2014

TO CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES AND MICROFINANCE BANKS

ROLLOUT OF THE FULL FILE CREDIT INFORMATION SHARING MECHANISM FOR COMMERCIAL BANKS AND MICROFINANCE BANKS

On 17th January 2014, the Cabinet Secretary, National Treasury published in the Kenya Gazette the Credit Reference Bureau Regulations, 2013. The gazettelement of the Regulations follows the amendment of the Banking Act and Microfinance Act through the Finance Act, 2012, in which all institutions licensed under the two statutes are now required to share credit information through licensed credit reference bureaus (CRBs). The Central Bank of Kenya Act was also amended to require banks to share positive information on their customers through CRBs. The objective of these amendments was to harmonise the credit information sharing (CIS) framework in order to enhance the robustness of the existing CIS mechanism and to facilitate full file reporting by commercial banks and microfinance banks. Pursuant to the amendments to the two statutes, the Central Bank revised the Banking (Credit Reference Bureau) Regulations, 2008 to accommodate the revised legal framework on CIS. The Credit Reference Bureau Regulations, 2013 are a culmination of this review exercise.

Following the amendments to the law, Central Bank of Kenya (CBK) together with the Kenya Credit Information Sharing Initiative (KCISI) undertook the revision of the Data Specifications Document and Data Standards Manual in order to facilitate sharing of full file credit information as well as to incorporate Microfinance Banks into the mechanism. In addition, challenges currently being witnessed by banks in the submission of data to the CRBs were also addressed in the review of the template. This has culminated into the new version 3.1 of the Data Specifications Template which has been tested by both Banks and Microfinance Banks in preparation for going live.

In this regard, Central Bank of Kenya has scheduled the 28th February 2014 as the commencement date for full file reporting among Banks, Microfinance Banks and Credit Reference Bureaus (CRBs).

The purpose of this Circular, therefore is to:

1. Formally bring into operation full file credit information sharing mechanism for institutions licensed under the Banking Act and the Microfinance Act effective, 28th February 2014.

2. Inform you that effective 28th February 2014; all Commercial Banks and Microfinance Banks shall be required to submit to all licensed CRBs, full file credit information. The information should be submitted to the licensed CRBs not later than 10th March 2014 and thereafter incremental data shall be submitted on a monthly basis on or before the 10th day of each succeeding month.
3. Require all Banks and Microfinance Banks to submit customer information to the CRBs using the released Data Specification Template version 3.1, a copy of which is currently available on the Central Bank of Kenya website at <http://www.centralbank.go.ke>.
4. Inform you that failure to comply with the reporting requirements or any other provision of the CRB Regulations will attract remedial action as specified under the Banking Act, Microfinance Act and the Credit Reference Bureau Regulations, 2013.

Matu

MATU MUGO
ASSISTANT DIRECTOR, BANK SUPERVISION
18th February 2014

Cc: Mr. Habil Olaka
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NAIROBI.

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