

**BANKI
KUU YA
KENYA**



**CENTRAL
BANK OF
KENYA**

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BSD/GEN/19

10th August 2016

CENTRAL BANK CIRCULAR NO. 3 OF 2016

TO: ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, MICROFINANCE BANKS AND CREDIT REFERENCE BUREAUS

SUBMISSION OF CREDIT INFORMATION TO LICENSED CREDIT REFERENCE BUREAUS

The banking industry has over the last six years made significant progress in the implementation of credit information sharing (CIS) mechanism. The credit referencing mechanism is now a **reality** in the Kenyan banking sector. It is noted that the credit information sharing mechanism is providing critical information and insights to institutions, customers and other stakeholders. Through this arrangement, banks have been able to identify the high risk customers and have also recovered a large portfolio of previously defaulted debt that had been considered totally unrecoverable. This has gone a long way to ensure the sector's stability, over and above improving the borrowing culture of our customers.

However, the following issues have been noted:

- Some institutions have not been submitting accurate and complete data to the bureaus;
- Some institutions have not been advising their customers on adverse listing with Credit Reference Bureaus as required by the Regulations.
- Certain banks have been sending threatening messages to list customers for non-credit related matters contrary to the law.
- Complaints have also been raised that banks are out-rightly denying customer's credit on the basis of adverse listing. It was never the intention of using the CIS mechanism as a blacking mechanism, but as a risk management tool.

The Central Bank has therefore found it necessary to issue a circular to banking institutions reminding the institutions of their obligations with regard to exchange of information with the licensed credit reference bureaus.

The purpose of this circular therefore is to remind all institutions to ensure that they comply with the provisions of the Credit Reference Bureau Regulations, 2013 and to further comply with the following specific provisions of the Regulations:-

1. Regulation 25 – Ensure that data submitted to CRBs is accurate.

2. Regulation 50 - Notice to customers of the name and address of the CRBs which the customer's information shall be submitted to under the Regulations. The notice should be done within the period prescribed in the Regulations.
3. Regulation 2 – Ensure compliance with permissible grounds regarding adverse listing of customers.

Please note that failure to comply with the reporting requirements or any other provision of the CRB Regulations will attract enforcement action as specified under the Banking Act, Microfinance Act and the Credit Reference Bureau Regulations, 2013.

Yours faithfully,



GERALD NYAOMA

DIRECTOR, BANK SUPERVISION

Cc: **Mr. Habil Olaka**
Chief Executive Officer
Kenya Bankers Association
International Life House
NAIROBI

Mr. Benjamin Nkungi
Chief Executive Officer
Association of Microfinance Institutions
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Ms. Rose Kinuthia
Ag. Chief Executive Officer
Credit Reference Bureau Africa Limited t/a TransUnion
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Mr. Sam Omukoko,
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The Ag. Chief Executive Officer,
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