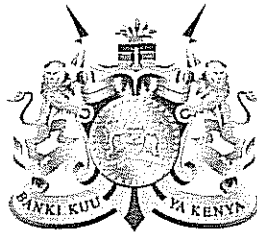


BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

May 28, 2019

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192

BANKING CIRCULAR NO. 5 OF 2019

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

Dear Sir/Madam,

ROLLOUT OF NEW DATA SPECIFICATION TEMPLATE (VERSION 4) FOR SHARING OF CREDIT INFORMATION WITH CRBS

1. Background

In 2017, the Central Bank of Kenya (CBK) embarked on the reform of the Credit Information Sharing (CIS) mechanism following concerns raised by stakeholders over the effectiveness of the mechanism. In this regard, a Technical Working Group (TWG) tasked with identifying and proposing solutions to the challenges facing the CIS mechanism was formed. The TWG comprises of representatives of CBK, licensed Credit Reference Bureaus (CRBs), Kenya Bankers Association (KBA), the Credit Information Sharing- Kenya (CIS-Kenya) with World Bank Group providing technical support.

Among the challenges identified by the TWG were the difficulties in applying the current Data Specification Template (DST V3) to non-traditional forms of credit such as digital loans. To address these challenges, the TWG developed a revised DST (Version 4) aimed at improving the completeness, uniformity and comparability of shared data. The revised DST was successfully piloted among selected credit information providers and all CRBs from October 2018 to March 2019 and is ready for rollout.

2. Revised DST V 4

Pursuant to powers conferred under Regulation 18(5) of the Credit Reference Bureau Regulations 2013, CBK hereby launches the revised Data Specification Template (Version 4) for use by all authorised credit information providers with effect from June 1, 2019. Among the changes introduced in the revised DST from the current DST V3 are the following:

- a) Introduction of daily submissions of customer information to CRBs.
- b) Introduction of standard validation checks to standardize the analysis of data by CRBs and enhance data acceptance rates.
- c) Classification of Non-Performing Loans indicator field to Prudential Risk Classification, to ensure loan classification is done as per CBK Prudential Guidelines.

The pilot run indicated data quality issues mainly arising from the data systems deployed as well as human capacity challenges. For enhanced reporting, credit information providers are required to review their information systems and enhance staff capacity through continuous training. On its part, CBK stands ready to provide all necessary regulatory support that may be sought by institutions.

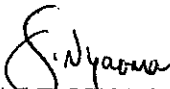
3. Transition Period

To enable reporting institutions put in place the necessary arrangements and capacity to deploy the revised DST, CBK has provided for a three-month transition period. This transition will allow time for reporting institutions to address any initial problems arising from the changeover to the new DST.

Please note that failure to comply with the reporting requirements or any other provision of the CRB Regulations will attract remedial action as specified under the (Credit Reference Bureau) Regulations, 2013.

The soft version of new DST (V4) has been shared to all authorised reporting institutions via e-mail. For any further inquiries please contact the undersigned via fin@centralbank.go.ke or telephone +254 20 2863005.

Yours faithfully,


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