

Credit Bureau Begins Operations in Cambodia



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by Philip Heijmans*

The long-awaited Cambodian Credit Bureau (CBC) launched yesterday, a move that is expected to increase the amount of information banks retain on the history of borrowers in the banking system.

Despite loan disbursements in the banking sector growing by 25 percent last year, banks have so far struggled to gain reliable information on individuals and businesses looking for credit. But the credit bureau could help change that by recording the information on all current and future borrowers and making it available to banks.

Steve Vaile, a consultant with the CBC, said that the bureau would allow banks and microfinance institutions to benefit from reduced credit risk.

“As of today, we are already taking requests in our systems, and people are running credit reports,” he said.

He also said that an active credit bureau would ultimately reduce non-performing loans by giving lenders the opportunity to adjust interest rates for small businesses on a case-by-case basis.

“If you are the majority of MFI [microfinance institutions] customers who have good payment histories, you should see a reduction in interest rates instead of having a blanket interest rate applied to you,” he said.

“Those MFIs that are not being responsible in their lending ... [are] going to be forced to be much more transparent, and that’s a good thing,” he added.

The CBC, a joint venture between the Association of Banks in Cambodia, the Cambodia Microfinance Association and Veda Advantage, an information technology firm based in New Zealand, officially registered with the government in December. Under a government

proclamation, all banks and MFIs must provide the CBC with information about all of their borrowers.

The credit bureau will allow banks and MFIs to access personal credit histories. It will also allow borrowers to request a copy of their own credit history at any time. Borrowers can attain a free copy of their credit history once a year, while additional copies will cost \$5.

In Channy, CEO of Aceda Bank, said that banks would now be able to identify when borrowers try to use the same collateral to take out multiple loans.

‘The main issue is that this will save everybody time, so you just have to fill in the loan application and it is done, instead of having to check with ‘Bank A,’ ‘Bank B’ and ‘Bank C’ before offering a loan,” he said. “It is clear, and you can trust that”