



## **Opening Remarks**

by

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at the Stakeholders Conference on the Establishment of a  
Credit Reference Registry in Zimbabwe, held at the Wild Geese  
Lodge, Harare.

15 July 2015

## **SALUTATION**

- The World Bank Country Representative here present;
- Other World Bank Country officials here present;
- Officials from the Ministry of Finance and Economic Development;
- Representatives of the Bankers Association here present;
- Chief Executive Officers of Banking Institutions ;
- Officials Development and Cooperating Partners (African Development Bank, SIDA and USAID);
- Representatives of Financial Sector Regulatory Authorities (DPC, SEC and IPEC);
- Executive Director of ZAMFI and members of the microfinance sector here present;
- Representatives of Private Credit Reference Bureaus here present;
- Representatives of our City Councils and Municipalities;
- Representatives of Mobile Network Operators (Africom, and Econet)
- Officials from the Consumer Council of Zimbabwe,
- Distinguished resource persons,
- Ladies and gentlemen,

Good morning.

1. It is my pleasure and honour to welcome you all to the **Stakeholders Workshop on the Establishment of a**

**Credit Reference System in Zimbabwe**, which is being organized by the Reserve Bank in collaboration with the World Bank.

2. This is a major initiative towards building a strong credit culture in the economy and improve credit risk management systems and practices in the financial sector.
3. I would like to express our gratitude to the World Bank for arranging and funding this workshop.
4. I also want to take this opportunity to appreciate your attendance and thank your respective institutions for releasing you to attend this important workshop. We have delegates representing a wide cross section of our institutions and economic sectors.
5. The establishment of the credit reference system is an important milestone in the development of our financial sector.
6. Ladies and gentlemen, our resource persons will adequately cover this area, including the various definitions and models available, but I just want to start off by highlighting that a ***credit registry is an institution or agency that collects information from creditors and available public sources on a borrower's credit history.***

7. The registry compiles information on individuals and corporations, such as information on credit repayment records, court judgments, and bankruptcies, and then creates comprehensive credit reports that are availed to lenders or creditors.

## **BENEFITS OF THE CREDIT REFERENCE SYSTEM**

8. Ladies and gentlemen, over the last few years the Reserve Bank has noted that poor credit culture is one of the inherent weaknesses in the proper functioning of the financial sector in Zimbabwe.
9. A good credit culture is, however, an important pre-requisite to a stable economic system, and the financial system in particular.
10. The absence of a comprehensive credit reference environment in Zimbabwe has been a major bottleneck to the expansion of the volume of private sector credit. Indeed, Zimbabwean firms have consistently cited limited access to credit as one of the greatest barriers to their operations and economic development.
11. Banking institutions have continuously been exposed to high credit risk on account of inadequate information on borrowers' creditworthiness. This has inevitably resulted in

increased cost of borrowing, thereby making credit more expensive than it would otherwise have been.

12. Ladies and gentlemen, the benefits of a credit reference system are quite numerous.

13. Allow me therefore to reiterate some of the benefits as follows:

a) A credit reference system is expected to improve the performance of the financial sector and stimulate economic development by making lending and borrowing easier, faster, and ultimately cheaper.

b) Further, borrowers can use their positive credit history as “collateral” to access loans at better rates and seek more competitive terms from different lending institutions

c) A credit reference system promotes and supports a high level of trust between lenders and borrowers – resulting in an increased volume of credit in the economy.

d) In addition, timely and accurate information on borrowers’ debt profiles and repayment history enables banks to make more informed lending decisions.

## **OBJECTIVES OF THE CONFERENCE**

14. As many of you would be aware, in the **2015 National Budget Statement** presented to the Parliament of

Zimbabwe on 27 November, 2014 the Hon. P. A. Chinamasa, Minister of Finance and Economic Development, talked about strengthening the domestic financial market to effectively play its role in supporting the four clusters under ZimAsset, in particular through the establishment of a credit reference system.

15. Stemming from the Minister's pronouncements and the Reserve Bank's own review of the financial sector, a highly consultative process involving key stakeholders to develop a comprehensive credit reference system, comprising of a credit registry and private reference bureaus, has started in earnest.
16. The Reserve Bank and the World Bank have teamed up to create awareness among stakeholders on the benefits of a credit reference system, the processes and requirements for successful implementation in Zimbabwe.
17. The timing of the conference is opportune for Reserve Bank, the financial sector, and the economy in general.
18. This workshop has been organised to facilitate an exchange of information and views on credit reference services to enable us to move forward with effective execution of the establishment of a credit reference system in Zimbabwe.

19. This workshop is part of the overarching goal of enhancing credit risk management through efficient, timely and accurate credit information sharing starting with the banking sector and, in the second phase, extending it to all credit providers in the economy.
20. Further, the meeting accords an opportunity to appreciate and take stock of what the Reserve Bank and the banking sector have done since the beginning of the year.
21. In addition, the delegates will benefit from the experiences of the experts from the World Bank and the private sector bureaus and other key stakeholders who are facilitators at this workshop.

### **PROGRESS MADE TO DATE TOWARDS SETTING UP A CREDIT REFERENCE BUREAU**

22. Ladies and gentlemen, allow me to give a brief status on the progress we have made to date in establishing the credit reference system at the Reserve Bank.
23. As indicated by the Reserve Bank in the Monetary Policy Statement of August 2015, we have already established a Credit Registry Department as a unit in the Bank Supervision division.
24. The unit coordinates the project processes and activities scheduled for execution to ensure that the Credit Registry is

successfully rolled out. In addition it shall coordinate the collection of credit information from all banking institutions and data providers and maintain the databank for the credit registry.

25. In the meantime, the requisite amendments to the Banking Act have been approved by Cabinet to provide for adequate legislation to cover operations of the credit registry and appropriate regulations for the licensing and operation of private credit reference bureaus.
26. As part of these measures, the Ministry of Finance and Economic Development is at advanced stages working on the legal framework for establishing a credit reference bureau system in the country.
27. The accreditation which shall be done by the Reserve Bank will enable private credit reference bureaus to also collect and/or obtain credit information from the financial institutions. Banking sector information may not be accessed without accreditation as it is protected in terms of the Banking Act.
28. The Reserve Bank is also in the process of coordinating data providers as well as the private credit bureaus to work on the development of standard data templates to enable all data providers to submit data in standardised formats.

29. The Reserve Bank has also reached a stage where is contacting and assessing the suppliers of information systems that are going to be used by the credit registry with a view to acquire the software.
30. Going forward, the Reserve Bank shall conduct more education and sensitization campaigns in order to promote an understanding of the benefits accruing from the establishment of the credit reference system, among the generality of the population.
31. I wish to assure the general public that we consider confidentiality and privacy of information paramount. The Reserve Bank will ensure that confidentiality and privacy are adhered to at all times by all stakeholders. The facilitators of this workshop shall deal with this issue more comprehensive in the coming sessions.

## **CONCLUSION**

32. In conclusion, ladies and gentlemen, I want to thank you all for coming to join us on this memorable occasion, one of a series of many workshops we shall have on the implementation of the credit reference system in Zimbabwe.
33. The establishment of a credible and a useful data base entirely depends on all of us as stakeholders. We are

fortunate to have experts from the World Bank who are ready to share their experiences and expertise.

34. It is my sincere hope that you will take full advantage of this workshop to clarify any issues and/or concerns you might have regarding credit reference system as well as make recommendation from your perspectives as our stakeholders.

Thank You