

Microfinance in the Arab World: Shaping the Industry's Future

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Credit Bureaus - The Jordanian Experience

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Mechanisms for Sharing Client Histories



Types of Credit Bureaus:

- Public Credit Risk Bureaus
- Private Credit Bureaus
- Public Information Vendors
- Specialized Credit Bureaus
- Informal Blacklists

Private vs. Specialized Credit Bureaus



Private Credit Bureaus:

- + Wide range of products
- + Responsive to client needs
- Rarely include all financial institutions
- Require enabling legal framework

Private vs. Specialized Credit Bureaus



Specialized Credit Bureaus:

- + Tailored to MFI needs
- + Fewer products, more cost effectiveness
- No access to non-MFI data, data fragmentation
- Limited database, not sustainable

Setting the Stage



The Jordanian Experience:

- Enabling credit reporting law (June 2003)
- Reliable and comprehensive national identification system
- Legal structure guarantees client privacy and establishes clear dispute resolution mechanisms
- Market demand is present

Conclusion



Elements of Success for a Private Credit Bureau:

- Complete, accurate and timely data
- Competitive, reasonable pricing
- Credibility, transparency and fairness