



**Asia-Pacific  
Economic Cooperation**

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**2019/SOM1/FDM/014**

Agenda Item: 5.3

## **Workshop on Credit Reporting Systems**

Purpose: Information

Submitted by: Chile



**Finance and Central Bank Deputies' Meeting  
Santiago, Chile  
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# Workshop on Credit Reporting Systems

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# Credit Reporting Systems

- Credit information is crucial for the process of granting credit.
- At its core, Credit Reporting Systems receive credit information of an individual and make it available for its potential creditors.
- Well functioning Credit Reporting Systems helps creditors on making a fact-based assessment of the risks involved on extending credit to a debtor.
- In turn, these systems allow debtors to leverage on their credit history at the moment of soliciting credits.

# Benefits of Credit Reporting Systems

- ✓ Decreases the cost and improves the access to credit for persons with good credit history.
  - This effect is especially important for those sectors that may have been denied credit due to some form of prejudice. (e.g. all low income borrowers are bad payers)
  - Also especially relevant for those sectors that don't have collaterals for financial obligations.
- ✓ Prevents over-indebtedness, providing for a sustainable expansion of credit on an economy.
- ✓ Increases the rate of payment of loans.
- ✓ Facilitates the work of financial supervisors.
- ✓ Increase competition and transparency on credit markets.

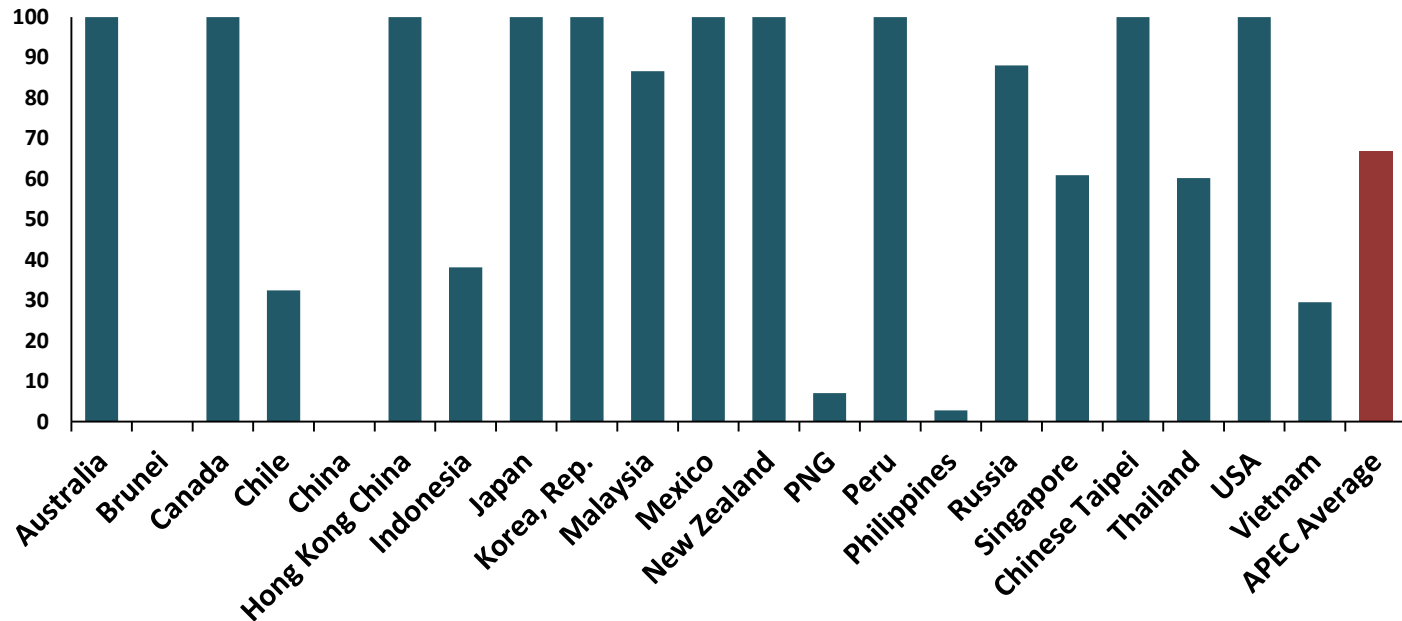
# Some Studies on the effects of expanding Credit Information

<b>Brown, Jappelli and Pagano (2007)</b>	Introduction of credit reporting systems improved both the access and the cost of credit on East-European countries. This effect is especially important for companies that are costly to screen.
<b>Liberti Seru and Vig (2016)</b>	The introduction of a credit reporting system in Argentina increased the aggregate supply of credit while restricting credit for debtors that had delinquencies.
<b>Barron and Staten (2001)</b>	They show that increasing credit information available for creditors increases the credit provision, through simulations in USA.
<b>Gietzen (2016)</b>	The introduction of a credit report system on an African Market improved the conditions of credit, promoting competition amongst providers. However, there was a negative effect for first time borrowers.
<b>Turner and Verghase (2007)</b>	Finds that extending the depth of credit information available to borrowers can expand the provision of credit, specially for women and young people.

# State of the art on APEC Economies

- There are considerable differences on the state of credit reporting system across APEC economies:
  - Coverage of debtors
  - Type of Information Shared
  - Type of creditors that are allowed to be informed by the system
  - Degree of protection to debtors rights.

**Credit Bureau Coverage on APEC economies**  
(% of Adults, WB Doing Business)



# The Proposed Workshop

- We consider Credit Reporting Systems as a financial infrastructure that can leverage sustainable growth and financial inclusion. There is scope for improvements on their regulatory and legal framework through structural reforms.
- We are proposing a Workshop focused on capacity building, to take place during august 2019.
  - **Objective 1:** Share recommendations and best practices on the legal and regulatory framework on credit reporting systems, ownership structures and technological solutions.
  - **Objective 2:** Asses and highlight the benefits that well functioning credit reporting systems have for the provision and distribution of credit.
- **Proposed Expositors:** APEC economies officials, International Institutions, Researchers, Credit Providers and Credit Bureaus executives.

# Contribution of the Workshop to APEC priorities.

- Strengthens inclusive growth through structural reform.
- Strengthens the capacity of financial institutions to encourage access to banking, insurance and financial services.
- Increase financial literacy, capability and universal financial access and usage.
- Assists in the progression of Pillar 1 of the Cebu Action Plan.
- Assists in the progression of the APEC Action Agenda on Advancing Economic, Financial and Social Inclusion.
- Assist in the progression of Chile's 2019 FMP priority on Financial Inclusion.
- Enhance economic and technical cooperation. (Osaka Action Agenda; Framework for Strengthening Economic Cooperation and Development)





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