



# **Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring**

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- **Role of Technology and Credit Reporting**
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# CRIF Introduction

- CRIF is **an international organization** specializing in the **development and management of credit reference agencies and decision support systems** for the retail credit markets
  - Founded in 1989 as the **Italian Credit Bureau for consumers and companies**
  - Market leader in Italy\*, Czech Republic and Slovak Republic
- \* Over **470 banks / financial institutions** as clients and manages over 52,000,000 tradelines on a monthly basis

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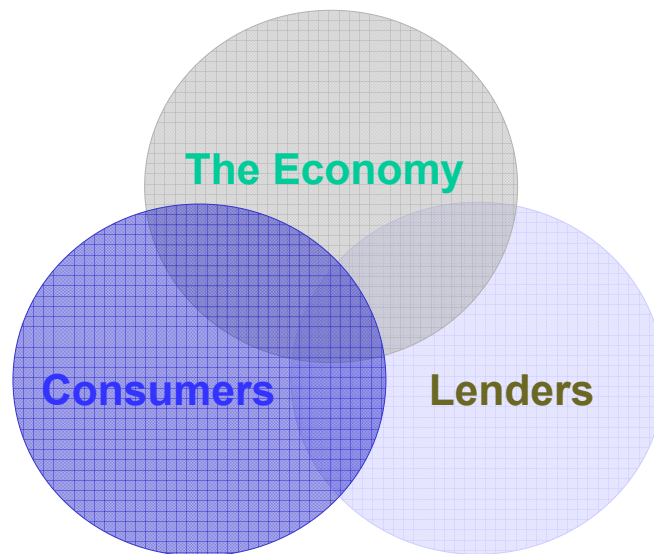
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# Role of Technology and Credit Reporting: The Vision

The convergence of technology and information sharing is critical to the mass-distribution of Microfinance.

Ultimately this will represent a revolution for the:

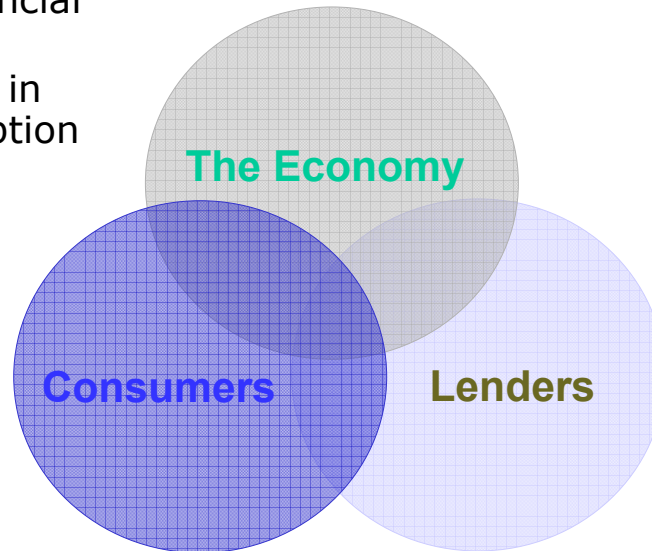
- Overall economy (local financial markets)
- Lenders (banks, financial institutions, etc)
- Consumers.



# Credit Reporting and Technology: Benefits

## The Economy

- More efficient financial services
- Affordable growth in domestic consumption



## Consumers

- Reduced probability of over-indebtedness
- Greater and fairer access to credit
- Credit offers reflect credit risk and credit capacity

## Lenders

- Assess overall indebtedness level of clients
- Reduce transaction time and costs
- Apply rates according to risk level
- Increase operation volumes at the same risk level (cross-selling)
- Improved loan portfolio performance
- Sustainable & affordable growth into new markets

## Role of Technology and Credit Reporting: Observations from Mature Markets

Long development process based mainly on:

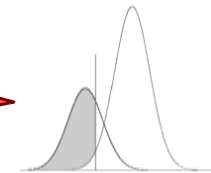
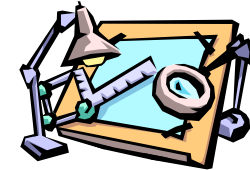
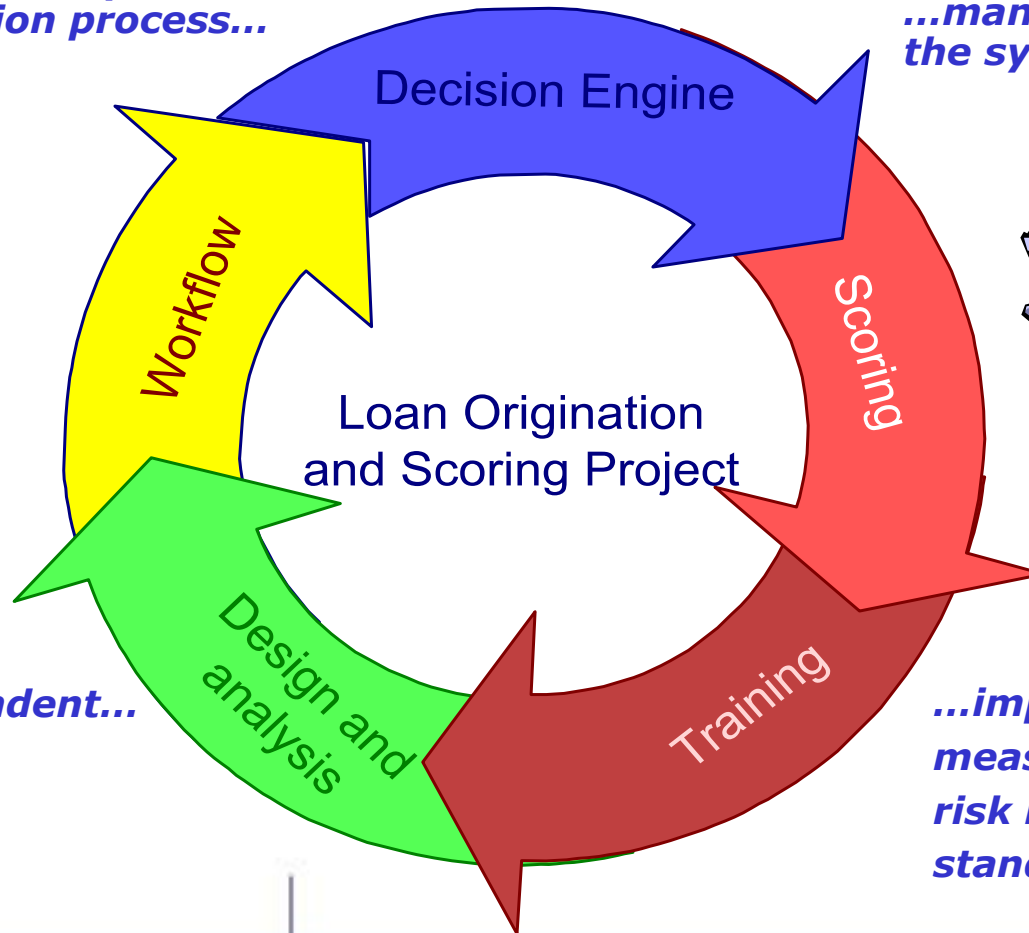
- Data – availability, quality and accessibility
- Credit bureau technology - legacy system transformation and connectivity
- Workflow management and decision engine software
- Statistical scorecards
- Automation and credit underwriting re-engineering

...mirrors the infrastructure currently adopted  
by banks and financial institutions for retail credit  
origination ->

# Role of Technology and Credit Reporting: An Integrated Solution

*...automation and integration speed-up the credit origination process...*

*...manage and govern the system from HQ...*



*...progressively become independent...*



*...improve risk measurement and risk management standards...*

## Role of Technology and Credit Reporting: Leveraging Mature Market Experience

Developing markets usually experience a more rapid adoption of technology due to:

- Leveraging previous experiences available from mature markets
- Newer technologies typically require a reduced level of investment
  - Technology leap-frogging
  - Availability of more flexible solutions
  - Availability of outsourced solutions

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## BASIC FOUNDATION: Data Access

- Technology innovation is a key driver

...but it can only provide marginal value unless it can access relevant information

- Credit information-sharing
- Full data availability
- Data quality
- Data updates

## **BASIC FOUNDATION: Legal Framework**

Technology innovation is a key driver

...but it can bring few advantages without having a solid legal framework\*:

- Credit reporting regulations
- Data protection regulations
- Consumer protection regulations
- Fair credit granting and consumer credit regulations
- Personal and corporate privacy regulations

\* Source: IFC – Credit Bureau  
Knowledge Guide Sept'06

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## Microcredit Opportunitites

- Adoption of technologies' best practices from retail credit for use in microcredit lending
- Bridge the gap between financial markets and microcredit through information sharing
- Expand banking, private and commercial investments to this sector
- Develop alternative distributional channels to expand microcredit availability

**Credit reporting, business information,  
decision support systems to support finance,  
insurance, utility and general business companies.**

