

# WESTERN HEMISPHERE CREDIT & LOAN REPORTING INITIATIVE

## INICIATIVA DE SISTEMAS DE REPORTE DE PRÉSTAMOS BANCARIOS Y CRÉDITOS DEL HEMISFERIO OCCIDENTAL



Evaluation Workshop  
México City, México  
17 - 18 may, 2005

### MINUTES

The *Centro de Estudios Monetarios Latinoamericanos* (CEMLA) in partnership with the World Bank, and with the financial support of the FIRST Initiative, evaluated the Western Hemisphere Credit & Loan Reporting (WHCRI) during a workshop held at CEMLA headquarters on May 17-18, 2005.

The primary objective of the event was to engage all involved parties in a discussion on the progress of the Initiative since the launch workshop held in August 2004. Through this participatory approach, stakeholders had the opportunity to influence the next steps of the project.

Representative of central banks, bank supervisory authorities, banking associations, international multilateral organizations, and international experts in the field of credit reporting as well as the core project team attended the meeting.<sup>1</sup>

#### I. CREDIT & LOAN REPORTING ISSUES<sup>2</sup>

- Learning from the WHCRI to improve credit & loan reporting in LAC

Margaret Miller, World Bank, provided a presentation describing the next steps to improve Credit & Loan Reporting in Latin America and the Caribbean, the value of a regional approach, the importance of expanding the scope of credit reporting systems and the common priority issues such as legal framework, public data, competition, public education and consumer protection.

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<sup>1</sup> The list of attendees is available at [www.whcri.org](http://www.whcri.org)

<sup>2</sup> Presentations are available at [www.whcri.org](http://www.whcri.org)

## II. THE WESTERN HEMISPHERE CREDIT & LOAN REPORTING INITIATIVE (WHCRI): UPDATES AND METHODOLOGY

- **Updates on WHCRI Activities**

Mario Guadamillas, World Bank, provided an overview of the Initiative including its origin, strategy pillars and objective, the organization, activities and responsibilities of the project team, the outputs, expected outcomes and the success factors.

- **Methodology**

Massimo Cirasino, World Bank, explained each section of the country assessment report: the executive summary and the detailed report. The executive summary includes the general overview of the credit and loan reporting system in the country and the strategy for strengthening it. The detailed report contains the context, the status in the country and observations made by the international team.

José Antonio Garcia, World Bank, followed up with a presentation of the main aspects of the country public report: the objective and the standardized outlines. Matías Gutierrez, FIRST consultant, explained the statistical tables and Lucinda Brickler, FIRST consultant, presented the glossary.

## III. THE WESTERN HEMISPHERE CREDIT & LOAN REPORTING INITIATIVE (WHCRI): EXPERIENCE IN THE FIELD

- **The perspective of the International Team**

Mario Guadamillas and Federico Castro, FIRST consultant, explained, based on the experience in the field, the impressions and the methodology used to prepare the mission, as well as deliverables after the mission.

- **The perspective of the countries authorities**

The authorities of the countries visited by the International Team expressed their impressions and opinions:

- Banco Central de Brazil: The initiative is positive for Brazil and it is coincident with the Government policy of incentive credits.
- The general public should be informed about the benefits that can accrue from effective credit information systems.
- Brazil is changing its technological platform operating since 1997.
- Brazil has to make some modifications of the legal framework to allow sharing information among participants.
- Brazil will discuss the possibility of a follow-up with the World Bank and CEMLA.

- Superintendencia Bancaria de Colombia: The mission and the reports have been very timely in Colombia since authorities are discussing a draft law that includes constitutional rights, like *habeas data* and information access. Topics related with the credit reporting system.
  - The Initiative could support in the definition of the profile and training of new staff in order to have an adequate management of the Central de Riesgos of Superintendencia Bancaria of Colombia.
  - Banco de México: The initiative provides an important opportunity to positively influence the economic environment in the country.
  - Authorities have to solve problems like absence of access to credits, high interest rates and a less than sound legal framework.
  - It is necessary to expand the databases.
  - Comisión Nacional Bancaria y de Valores de México: The organization of the initiative is adequate.
  - The absence of international standards in the field of credit reporting can potentially affect the recommendations in the confidential report.
- **General discussion on the experience in the field**

After the presentations a discussion session took place, the following issues were raised:

- The initiative should include an analysis of the use of the information for Basle II.
- If the information of micro enterprise and cooperatives is included, this could affect the quality of the data.
- The importance of shared information between public and private sector should be highlighted.
- It is essential to involve authorities at the highest level.

#### IV. BREAKOUT SESSIONS

During the second day for the workshop, the attendees divided in four subgroups in order to discuss the next steps of the Western Hemisphere Credit & Loans Reporting Initiative. Each group was asked to prepare a brief presentation of the discussion during the Plenary Session. Attendees and main themes are discussed below.

##### 1. Central banks

###### 1.1. Attendees:

Milton Vega (Banco Central de la Reserva del Perú), Javier Márquez (Banco de México), Marc Hébert Ignace (Banque de la République D'Haiti), Jean Erick Alexis (Banque de la République D'Haiti), Adrian Pardo, (Banco de México), Manuel González Rocco (Banco Central del Uruguay), Pascual Pinto (Banco Central de Venezuela) and Mario Guadamillas (World Bank).

## 1.2. Organization of the project

- Countries must be selected according to the demand and engagement.
- The country's authorities and CEMLA should prepare draft of the public report, before the mission.
- ICC representatives should attend the missions.
- Central bank representatives from countries already assessed may attend the missions, coordinated by CEMLA.
- Countries interested in the project, may completed a questionnaire before a mission is programming.

## 1.3. Outputs and methodology

- Authorities must define the objectives of the project in each country.
- Statistic tables must be review according to the available information.
- Working paper N° 5: a questionnaire to be sent to countries that are not assessed.

## 1.4. Potential issues of study

- Methods of developing and maintaining good database.
- Studies should include analyses of information quality, implications of Basle II.

## 1.5. Working group

- Importance of its creation.
- High-level mandate.
- Participants, at least central banks and supervisory authorities
- Technical Secretariat, CEMLA
- Observers, World Bank and others international organizations.
- Expected outcomes: review of statistics tables and glossary.

## 1.6. Workshop 2006

- Technical presentations and discussions will be priority.
- Sessions with the experience of the countries should be maintained.
- Selected issues of study should be discussing deeply.

## 1.7. Others

- Strengthen the ICC.

## 2. International Consultative Committee

### 2.1. Attendees

María Soledad Cruces (Banco de España), Gerard Dages (Federal Reserve Bank of New York), Natalia Mylenko ( International Finance Corporation), Massimo Cirasino and Margaret Miller (World Bank)

### 2.2. Organization of the project

- The creation of the ICC should be completed by enlarging the number of its participants.
- The ICC should play a central role in the project.

- ICC representatives should attend the missions.
- The Private Sector Outreach Group should be launched as soon as possible

### 2.3. Outputs and methodology

- The ICC will review the methodology in depth in the following months.

### 2.4. Potential issues of study

- Competition in credit reporting industry.
- Uses of the information of credit reporting systems by financial institutions.

### 2.5. Working group

- Participants should be central banks and supervisory authorities
- Technical Secretariat, CEMLA
- Observers, World Bank and others international organizations.

### 2.6. Workshop 2006

- Move towards a different format, with focus on technical issues.
- Expanding the length of the workshop.

## 3. Bank Supervisors

### 3.1. Attendees

Reinaldo Yujra Segales y Oscar Pammo Velarte (Superintendencia de Bancos y Entidades Financieras, Bolivia), Cornelio Pimentel (Banco Central de Brasil), María Margarita Mendoza (Superintendencia Bancaria, Colombia), Mauricio Antonio Urrutia (Superintendencia del Sistema Financiero, El Salvador), María del Carmen Chevez (Comisión Nacional de Bancos y Seguros, Honduras), Angélica Prieto, Ethel Ramirez, Enrique Nort y Daniel Backal (Comisión Nacional Bancaria y de Valores, México), Kara Arosemena (Superintendencia de Bancos, Panamá), Jorge Olcese Fernández (Superintendencia de Banca y Seguros, Perú), José Antonio García (World Bank) and Matías Gutierrez (FIRST Consultant)

### 3.2. Organization of the project

- In order to guarantee continuity, country representatives in the project should not change.
- Authorities should designate a country team to work with the international team.
- Countries should perform a self-assessment before the mission.
- Opening and closing meetings should be held with all participants.

### 3.3. Outputs and methodology

- Regional seminars should be promoted that allow the follow up of the missions. The first event could be done in Brazil
- Confidential reports may include annexes with the international experience.

### 3.4. Potential issues of study

- One or two papers per year may be prepared and could be discussed in the annual workshop.

- Analyze the information available from Bureau of Credits according to the requirements of Basle II
- Evaluate the quality of the data through statistical tests.
- Promote integration of databases.
- Design appropriated legal framework: *habeas data*, consumer protection, exchange of information.

### 3.5. Working group

- Authorities must be involved at a high level.
- ASBA should be member of the working group.
- The working group may be a permanent forum of general discussion about specific issues.
- The working group should meet for the first time in the 2006 workshop.
- The international team will prepare the terms of reference of the working group and authorities will review it.
- The working group will prepare technical papers.
- Members will discuss international practices and strategic issues.

### 3.6. Workshop 2006

- Authorities in each countries will decide which private sector representatives should be invited
- The workshop should span over three days: half day to talk about administrative issues and the rest of the time to discuss technical issues.
- Presentations and working papers will be available for the new participants.

## 4. Banking Associations

### 4.1. Attendees

Elcio Anibal de Lucca y Ricardo Loureiro Silva (FEBRABAN), Patricia Jiménez (Asociación Bancaria y de Entidades Financiera, Colombia), Alberto Soto (Asociación Bancaria Costarricense) Lucinda Brickler y Federico Castro (FIRST Consultants),

### 4.2. Organization of the project

- Educational program may be prepared.
- During the mission, a meeting with all stakeholders will be desirable.
- Authorities have to review the orange book before publishing.
- Opening and closing meetings should be organized with all participants.
- The confidential report should be shared with the banking associations.
- A draft of the confidential report may be discussed with all participants.

### 4.3. Outputs and methodology

- Documents and papers will be reviewed in a month.

### 4.4. Potential issues of study

- The subgroup will send its proposal after the workshop.
- 4.5. Working group
- The time of the mission might be too short.
  - Private sector involvement will be important.
- 4.6. Workshop 2006
- The International Team should present the results of the missions.
  - Presentations with the improvement in the legal framework and educational program will be important.
- 4.7. Others
- Criteria to select countries:
    - Demand and engagement.
    - Ratio of non-performing loans.

## V. GENERAL DISCUSSION AND CONCLUSIONS

To conclude the meeting, a plenary discussion session took place. The following issues were raised:

1. The attendees expressed the importance of the Western Hemisphere Credit & Loan Reporting System Initiative.
2. Countries must be selected according to demand and engagement.
3. Country's authorities and CEMLA should prepare the draft of the public report before the mission.
4. Authorities must define the objectives of the assessment in each country.
5. The International team will prepare a working paper N° 5 (Questionnaire).
6. The working group must be created with a high-level mandate.
  - 6.1. Participants: Central Banks and Banking Supervisors.
  - 6.2. Technical secretariat, CEMLA
  - 6.3. Observers, World Bank and other international organizations.
7. The Banking Associations attendees expressed that the confidential report may be discuss with all participants.
8. The 2006 Workshop will last three days: half day to discuss administrative issues and the rest of the time to discuss technical issues.

