**STRATEGY & ROADMAP FOR STRENGTHENING THE CREDIT REPORTING SYSTEM IN ESWATINI[[1]](#footnote-1)**

**Strategic Objective # 1 - Strengthen the Legal and Regulatory Framework**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **1.1 Review the CCA, 2016 to ensure coverage of critical substantive issues for credit reporting** (Gaps # 6,7, 8, 11 & 12)   * + 1. *Carry out Stakeholders’ Consultation*     2. *Draft amendments to the CCA, 2016*     3. *Submit CCA Amendment Bill to parliament for approval.* | 1. Legal framework that is consistent with international best practice and is not in conflict with other legislation | 1. CCA Amendment Act | Lead: MOF | **Short Term** |
| **1.2 Develop regulations/guidelines for licensing Credit Reference Bureau and regulating credit reporting activities**  (Gap #10).   * + 1. *Draft credit bureau regulations.*     2. *Hold stakeholders consultative workshop to review draft regulations.*     3. *Update draft regulations with stakeholders’ inputs.*     4. *Approve and issue the Credit Bureau Regulations* | 1. Framework that facilitates the the evolution of a fair, competitive and efficient credit reporting system. 2. Credit Bureau collects, and data providers and users share information for clearly listed permissible purposes. 3. Increased confidence in the credit reporting system with participants aware of data security, protection of data subject’s confidentiality and dispute handling obligations and regulatory compliance requirements. | 1. Draft guidelines for licensing and regulating credit reporting activities. 2. Adoption by credit bureaus and financial institutions of credit reporting best practice | Lead: MoF  Support: FSRA & CBE | **Short Term** |
| **1.3 Mandate credit information sharing by all credit providers and other data sources** (Gaps # 2 & 4).   * + 1. *Draft and issue circular to mandate credit information sharing by all regulated financial services and credit providers.*     2. *Communicate/publish mandatory CRB usage by FIs circular.*     3. *Agree protocool for accessing National ID Database to verify ID* | 1. Credit bureau (s) is able to gather information from all relevant data providers and other data sources relevant for credit reporting including banks, non-bank credit providers, fintechs/digital lenders, suppliers of goods and services on a post-paid or instalment payment basis; telecommunications and utility providers, retailers. 2. Credit Bureau is able to access Identification databases and other private and public records | 1. Number of financial institutions & non- financial creditors participating in the CRS  2. Number of non-traditional data sources contributing to the CRS.  3. Number of public databases accessible by CRSP. | Lead: MoF  Support: FSRA & CBE, RSTG | **Medium Term** |

**Strategic Objective # 2 – Improve Data quality[[2]](#footnote-2)**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **2.1 Develop and adopt a data submission template together with validation rules (Gaps # 1, 3, 4 & 5).**   * + 1. *Develop a data submission template.*     2. *Workshop the data submission template with industry.*     3. *Issue Circular to banks and FIs mandating the usage of the commonly adapted template in submitting data to the CRB.*     4. *Stipulation of the process and timeline for updating credit data.* | 1. Data providers use clear, well understood and industry adopted template to submit data to credit bureau; 2. Mandatory and optional data input requirements are established and practiced by data providers; 3. Improved data quality with data updates performed on the basis of pre-defined schedules and/or specific trigger events and accountability for data accuracy and completeness clearly established and monitored along the chain. | Number of credit providers submitting data to the Credit Bureau using the agreed data template. | Lead: FSRA  Support: CBE/ Industry Association | **Short Term** |
| **2.2 Implement and enforce the usage of the common data submission template**     * + 1. *Submission of credit reporting data compliance report to FSRA.*     2. *Compliance monitoring of CRP data submissions and completeness and enforcement.* | Accuracy and completeness of data is assessed against commonly adopted data validation rules; | Number of data providers accurately completing most (75%) of the mandatory data submission fields | FSRA and CBE | **Medium Term** |
| **2.3 Support for strengthenigng the Eswatini Credit Data Sharing Association (SCDSA) to ensure a broader mandate and active role in developing the credit reporting system in Eswatini**. (Gap # 6)   * + 1. *Review the objectives, mandate and governance framework of SCDSA.*     2. *Develop and adopt a funding model for sustained operations of the SCDSA*. | SCDSA that provides a sustainable platform for stakeholder engagement and advocavy. | A properly constituted and managed SCDSA | Lead: Credit Bureau, Bankers Association, SACCO Ltd | **Medium Term** |
| **2.4 Establish MOUs with regulators of relevant non-financial institutions credit providers or potential users of the information from the credit bureaus (such as telcos, utilities providers, public databases) to support inclusive credit reporting** (Gaps # 2 & 5)   * + 1. *Facilitate and hold discussions with relevant regulatory authority – e.g. Home Office, Communications Commission, Water Service Corporation.*     2. *Draft and execute MoU for data sharing with public registry*     3. *Collect data from non-financial institutions data providers* | Credit Bureau is able to collect information from relevant non-financial institution data providers such as telcos, water board and other public data sources relevant for credit reporting. | Number of public databases accessible by CRSP. | Lead: MOF  Support: FSRA/Credit Bureau | **Medium Term** |
| **2.5 Support existing efforts to establish a data hub that will collect data from MFIs and SACCOs to populate credit bureaus’ databases** (Gaps #2 ,3 ,4 & 5).   * + 1. *Assess status of implementation and capacity of the MFI/SACCO data hub project*     2. *Incentivise MFIs/SACCOs to use datahub for submitting data to the credit bureau e.g offsetting datahub and CRB integration costs.*     3. *Integrate SACCO datahub into the credit bureau* | 1. MFIs and SACCOs contribute data to the CRS. 2. An integrated and inclusive Credit reporting system that services all lending segments, regulated and non-regulated. | 1. Number of MFIs and SACCOs contributing data to the CRS. 2. Number of MFIs and SACCOs integrating credit reporting services in their credit and risk management processes | Lead: MOF | **Medium Term** |

**Strategic Objective # 3 – Enhance Supervisory Oversight of the Credit Reporting System**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **3.1 Clarify the scope, roles and responsibilities of the CBE and FSRA vis-à-vis supervisory authority over the credit market (Gap # 9).**   * + 1. *Coordinate consultations and discussions between relevant government agencies to clearly define the roles and responsibilities of FSRA and the CBE in the context of strengthening market infrastructure whilst maintaining financial stability and improving market conduct across the credit ecosystem.*     2. *Review and amend the Consumer Credit Act, 2016. And agree on collaboration amongst various regulatory entities that are relevant to credit information (FSRA, CBE, telcos regulator etc.,)* | 1. Improved cooperation between market conduct and prudential supervisors for the evolution of an efficient credit market*.* 2. Clear delineation of roles and responsibilities for credit market conduct and prudential supervision. | Consumer Credit Amendment Act. | MoF | **Short Term** |
| **3.2** **Develop a framework for coordination and collaboration between the CBE and FSRA on supervising credit reporting activities** (Gap # 9).   * + 1. *Draft MOU*     2. *Establish protocol for collaboration*     3. *Set up credit reporting suspervison teams at FSRA and CBE* | Collaborative and effective supervisory oversight of the credit reporting system and overall credit market in Eswatini. | 1. Signed MOU  2. Credit reporting Supervision teams at FSRA and CBE | Lead: MoF  Support:FSRA/CBE | **Short Term** |
| **3.3 Build and strengthen the capacity of supervisors for effective oversight of credit reporting activities (including credit reporting service providers and credit and data providers). For credit information service providers, the licensing and supervision of credit bureau operations will be emphasized.** (Gap # 8 & 10).   * + 1. *Workshop for supervisors of the credit reporting system.*     2. *Develop a framework for oversight and supervision of credit reporting activities.*     3. *Implement a framework for oversight and supervision of credit reporting activities.* | Effective oversight over the credit reporting system through increased knowledge and compliance monitoring skills by the regulator. | 1. Number of workshops for supervisors of the credit reporting system. 2. Number of supervisors of credit institutions trained. 3. Framework for oversight (off and on site) and supervision of credit reporting activities. | Lead: FSRA  Support: CBE | **Medium Term** |
| **3.4 Support on-site audit and off-site examination of credit reference bureau to ensure effective governance, risk management and internal controls of CRSP** (Gap # 8).   * + 1. *Develop framework and guidelines for on-site audit and offsite supervisory review of credit bureau and credit reporting activities.*     2. *Prepare framework and guidelines for on-site and off-site supervisory review of data providers.*     3. *Carry out joint on-site examination of credit reference bureau* | 1. Improved effectiveness and accountability of CRB. 2. Increased usage of credit bureau services. | 1. CRB examination report 2. Number of credit bureau enquiries | Lead: FRSA  Support: CBE | **Medium Term** |

**Strategic Objective # 4 - Increase Usage of Credit Bureau Services**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **4.1 Build and strengthen the technical capacity of MFIs and SACCOs to incorporate credit reporting into their operations** (Gaps # 2, 3, 4 & 5).   * + 1. *Support cost effective record digitization initiatives for MFIs/SACCOs*     2. *Hold workshop and training for SACCOs on the benefits to members of participating in the CRS* | MFIs and SACCOs contributing credit information to CRB**.** | Number of MFIs and SACCOs contributing data to the CRS. | Lead: MoF  Support: FSRA | **Medium Term** |
| **4.2 Mandate financial institutions to inquire with the credit bureau before extending any credit or facility** (Gaps # 2 & 5).   * + 1. *Draft and issue Circular to mandate credit reference bureau check for credit by banks and FIs.*     2. *Monitor compliance by FIs with the manatory credit bureau check requirement* | Banks and FIs using credit reference bureau products for credit extension and risk management. | Number of Banks, MFIs and SACCOs using CRB services. | Lead: FSRA  Support: CBE | **Medium Term** |
| **4.3 Improve lenders’ understanding of the use of credit bureau products and services in increasing lending, especially to the underserved, such as women and micro and small businesses** (Gap #4).   * + 1. *Hold workshop for FIs on the benefits of an integrated credit reporting system and collateral registry for movable assets.*     2. *Lenders update credit policy to incorporate credit reporting services.* | 1. Lenders/credit providers participating in credit reporting system. 2. Increased credit bureau enquiries. | 1. Number of lenders using CRBs services. 2. Number of Valued Added Services used by lenders. | Lead: FSRA  Support: Credit Bureau/CBE | **Medium – Long Term** |

**Strategic Objective # 5 – Improve Public Understanding of and Support for the Credit Reporting System**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **5.1 Promote borrowers’ rights to view, dispute, and correct their own information** (Gap # 8).[[3]](#footnote-3)  *5.1.1 Develop guidelines for resolving credit reporting related disputes.*  *5.1.2 Publish information regarding consumers’ rights including access to free credit report and the complaints handling process on easily accessible media including websites, banking app, etc.*  *5.1.3 Draft and issue circular requiring all credit providers to implement consent clause* | 1. Increased consumer confidence and trust in the CRS. 2. Improved data quality. | Number of self-enquiries. | Lead: FSRA  Support: CRB/Lenders | **Medium Term** |
| **5.2** **Carry out a comprehensive awareness and education campaign for lenders and borrowers on all aspects of information sharing, such as benefits, purpose, obligations, rights, usage, et**c. (Gap #4).  5.3.1 *Develop a public awareness campaign strategy for credit reporting.*  *5.3.2 Procure services of a communications and media firm to coordinate implementation of financial literacy campaign.*  *5.3.3 Constitute a Working Group of key stakeholders.*  *5.3.4 Develop action plan for the financial literarcy campaign and implement same.*  *5.3.7 Develop a sustainability action plan for CR financial literacy.* | 1. A CRS supported and owned by all stakeholders – lenders, consumers, govt. officials, policy makers, regulators, etc. 2. Increased awareness among data providers, users and consumers of the credit reporting system – process of data collection and benefits of information sharing as well as consequences of a negative credit listing. | 1. Number of mentions of credit reporting related features by the media 2. Number  of inquiries made to credit bureaus post the campaign. 3. Increase in number of claims made to credit bureaus. 4. Number of on-time loan repayments. | Lead: MoF  Support: FSRA/CBE/FIs/  CRSP/ SCDSA | **Medium to Long Term** |
| **5.4** **Enable an on-line, secure system for consumers to access their own credit reports or by other consumer friendly mean**s (Gap #8). | 1. User friendly, convenient, and cost-effective means of consumers to access their own credit reports. | Number of self-enquiries made to the credit bureaus. | Lead: CRB | **Medium Term** |

**Strategic Objective # 6 – Promoting Cross Border sharing of data**

| **Activity** | **Expected Outcomes** | **Key Performance Indicator (KPI)** | **Responsible** | **Time Frame** |
| --- | --- | --- | --- | --- |
| **6.1** **Coordinate with other authorities within the SADC region to promote safe and secure credit reporting systems** (Gap #12). | Standardization of data formats and procedures to facilitate cross-border credit data transfers. | Number of countries within SADC sharing credit data with Eswatini. | Lead: FSRA | **Medium Term** |

**Key**

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| --- | --- |
| **Timeframe** | **Description** |
| Short term | Within 12 months |
| Medium term | Between 18 and 24 months |
| Long term | 24 months and beyond |

1. Overall, we recommend an activity to form and create a stakeholders working group comprised of all key local stakeholders (credit bureau, lenders, regulators etc.,) that will be engaged in the overall credit infrastructure development work and responsible for making decisions and acting on them; particularly to address data issues: submission and quality over the medium to long term. It has been demonstrated that the engagement of key local stakeholdersresults into more sustainable results and their involvement speeds up the process. The, WBG could support the working group from its position as “honest” broker technical assistant partner. [↑](#footnote-ref-1)
2. A stakeholders working group, including the regulator as part of the group, will be particularly important for the data quality improvement activity. [↑](#footnote-ref-2)
3. it is important the the bureaus and or credit providers have a user friendly system to resolve complaints, and that the regulator monitors these. [↑](#footnote-ref-3)