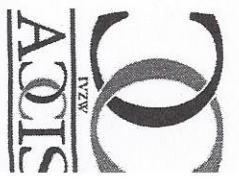


A Personal Introduction



- A reformed lawyer...!
- Early career – Financial Services
- Chairman Chartered Building Societies Institute
- Fellow Chartered Institute of Bankers
- Director Experian plc
- President Association of Consumer Credit Information Suppliers
- Director Regulatory Strategies Ltd
- Director, President and COO Premier Credit Bureau Ltd



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What Credit Bureaus Can Bring to Jamaica

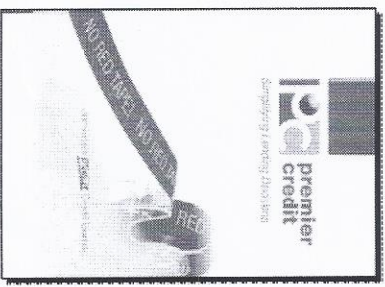
A European Perspective

Mike Bradford

President and Chief Operating Officer
Premier Credit Bureau Ltd

Agenda

- The basics – what is a credit bureau
- A European – and Global – overview
- The Jamaican and Caribbean Opportunity
- Turning rhetoric into reality – can we *really* make it happen....??
- Premier Credit – but no hard sell...!!

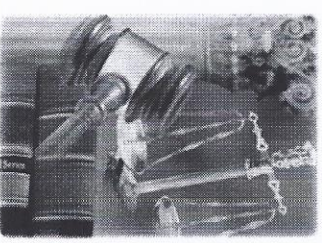


What is a credit bureau?

- Credit Bureaus (or Credit Reference Agencies) are organisations which collect information on individuals and / or legal entities to help a creditor decide if they should grant credit to a customer.
- The first Credit Bureaus were founded in 1830 in New York and in Europe at the end of the 19th century.
- Credit Bureaus hold information on consumers such as identification data (name, date of birth, address and a unique identification number if this is legally allowed) and data concerning their credit history.
- The credit history of a consumer can consist of positive and / or negative information.
- Negative data predicts risk; positive data shows affordability and a track record of repayment.

The Legal Framework

- National laws define the legal environment in which the Credit Bureau operates.
- The laws may define what kind of data and the details that can be stored.
- In addition, data protection issues, banking laws and other regulations have to be respected, depending on the national legal system.
- There are significant differences globally.



World Bank

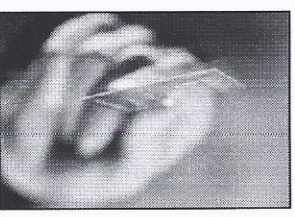
- “the best way to help borrowers is to improve credit information and make it easier to take and enforce collateral”.
- “Where credit registries and effective collateral laws are lacking - banks make fewer loans” *for where they do the inherent risk is higher*].
- “Credit reporting also is more valuable where it includes both data on defaults...and data on on-time payments. That allows lenders to evaluate the borrowing capacity of clients.
“And it lets good borrowers benefit from more and cheaper lending. For banks, past payment behaviour is the best indicator of future payment behaviour.”



Benefits of credit bureaus

macro economic, micro-organisational and consumer

- Support national economy and positioning as regional / global player.
- Decrease informational asymmetries between borrowers and lenders.
- Allow lenders to more accurately evaluate risks and improve portfolio quality.
- Ease adverse selection problem and lowers the cost of credit for a good borrower.
- Incentive for consumers to repay loans and meet contractual obligations.
- Increase credit volume and improve access to tailored credit.
- Support introduction of credit scoring, 'value added products' and automated underwriting, lowering lender operating costs and improving profitability.
- Greater choice and convenience – real-time and non face-to-face decisions.
- Prevention of fraud and assistance in ID verification.



Comprehensive information sharing models have been known to give the best results

Types of Information	Positive & Negative Information	Negative Information
Sources of Information	<p>High Predictiveness (e.g. U.S., UK, South Africa, Ecuador)</p>	<p>Lower Predictiveness (e.g. Australia, Brazil)</p>
“Full” (information shared by banks, retailers, NBFIs)	<p>Lower Predictiveness (e.g. Mexico, Singapore, Romania)</p>	<p>Lowest Predictiveness (e.g. Nepal, Morocco, Haiti)</p>
“Fragmented” (e.g. information shared among banks only or retail only)		

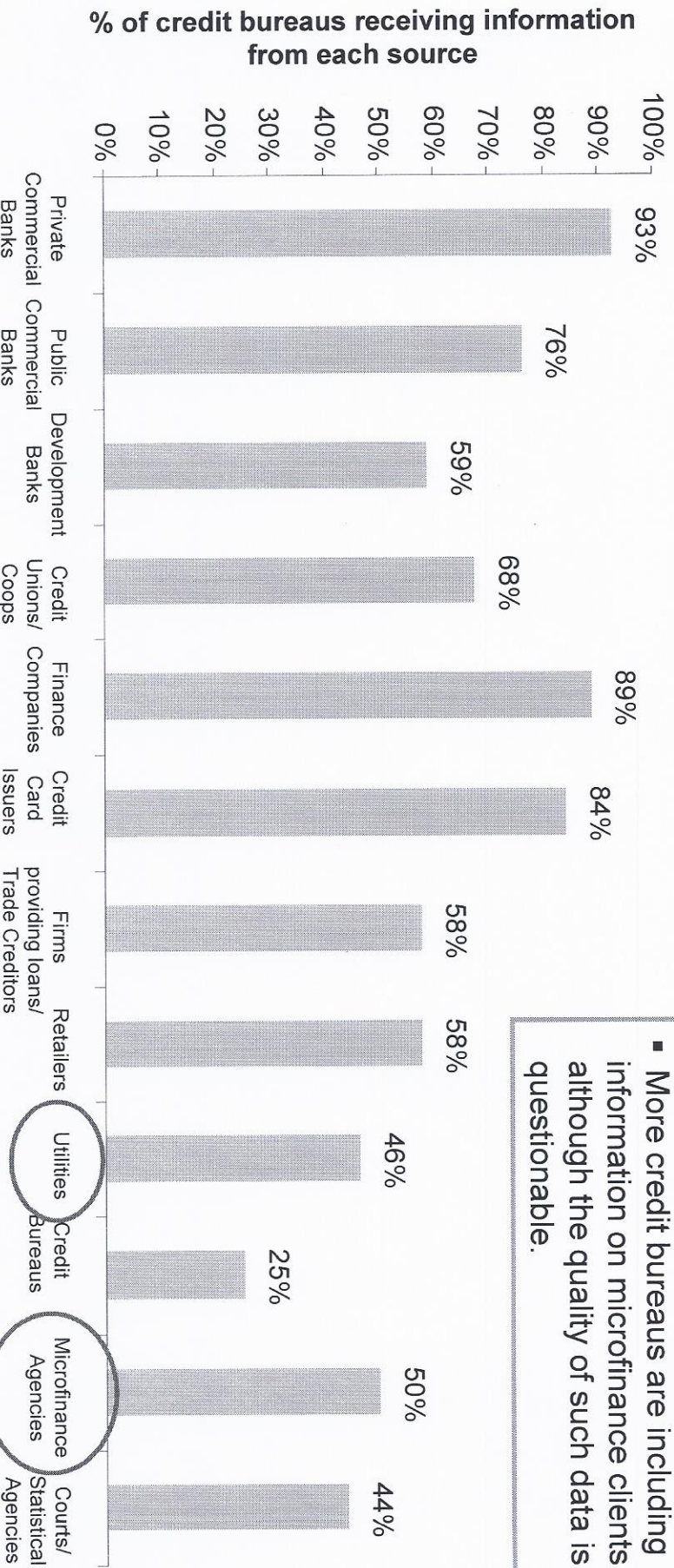


The crisis is a clear signal for credit bureaus to include more non-traditional forms of data



■ A recent PERC study demonstrates that non-traditional data, such as utilities, can bolster information on thin-file clients.

■ More credit bureaus are including information on microfinance clients although the quality of such data is questionable.



Sources: 1) Doing Business 2008. Based on survey results from 80 bureaus in 75 countries. 2) PERC & Brookings Institute. "Give Credit Where Credit is Due: Increasing Access to Affordable Mainstream Credit Using Alternative Data." 2006 Available online at: <http://www.infopolicy.org/pdf/alt-data.pdf>

A national example - UK

- Over 30% UK GDP
- Accounts for over 30% EU credit
- Huge growth in late 70's, 80's (de-regulation) and 90's
- Traditional market – banks, building societies etc
- Late 90's saw influx of US credit card issuers to challenge Barclaycard – UK was springboard into Europe
- Developed credit cf cash-based economy
- Cheques now rare
- Dominated by big clearing banks – RBOS; HBOS; LTSB; HSBC and new players eg Santander
- But significant non bank activity – HP, finance houses, mail order, personal loans, mortgage lenders, home credit, utilities, telecoms, motor finance, microfinance – not credit unions



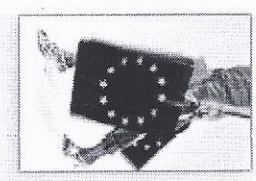
UK Credit Bureaus

- Really took off in late 70's early 80's to support (and drive) the market
- Now 3 competing 'for profit' players
- Licensed by Consumer Credit Act – but 'light touch'
- Data Protection Act obligations – personal data
- Consumer obligations and education
- Extensive databases – public and lender data
- Utilities, microfinance and telecoms contribute to and access bureaus
- Full cross-sector data sharing and rules of Reciprocity
- Competition has driven cost benefits and product innovation
- Extensive selection of value added products – more than just credit bureaus
- Increasingly used by public sector and Government for fraud detection and identity verification



The European Retail Market

- Very different market penetration rates across 27 Member States
 - In GDP% – UK high; CZ low
 - In outstandings per client – UK high; CZ low
 - In product mix eg card dominance in UK, Greece, Netherlands, France etc
- Very different income source per product
 - Cards – UK high; Belgium low
 - Loans – Germany high; Belgium low
- Profitability margins vary significantly
- Very different positions of generalists and specialist credit providers
 - Banks over 80% market share eg. Germany, Greece, Spain, Hungary
 - Banks 50%-80% market share eg. Austria, Belgium, Denmark, Sweden
 - Strong position held by non-banks (over 50% market share) eg. France, Italy, Netherlands, UK
- Market Development

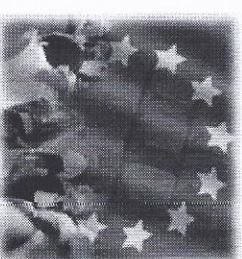


Market Development

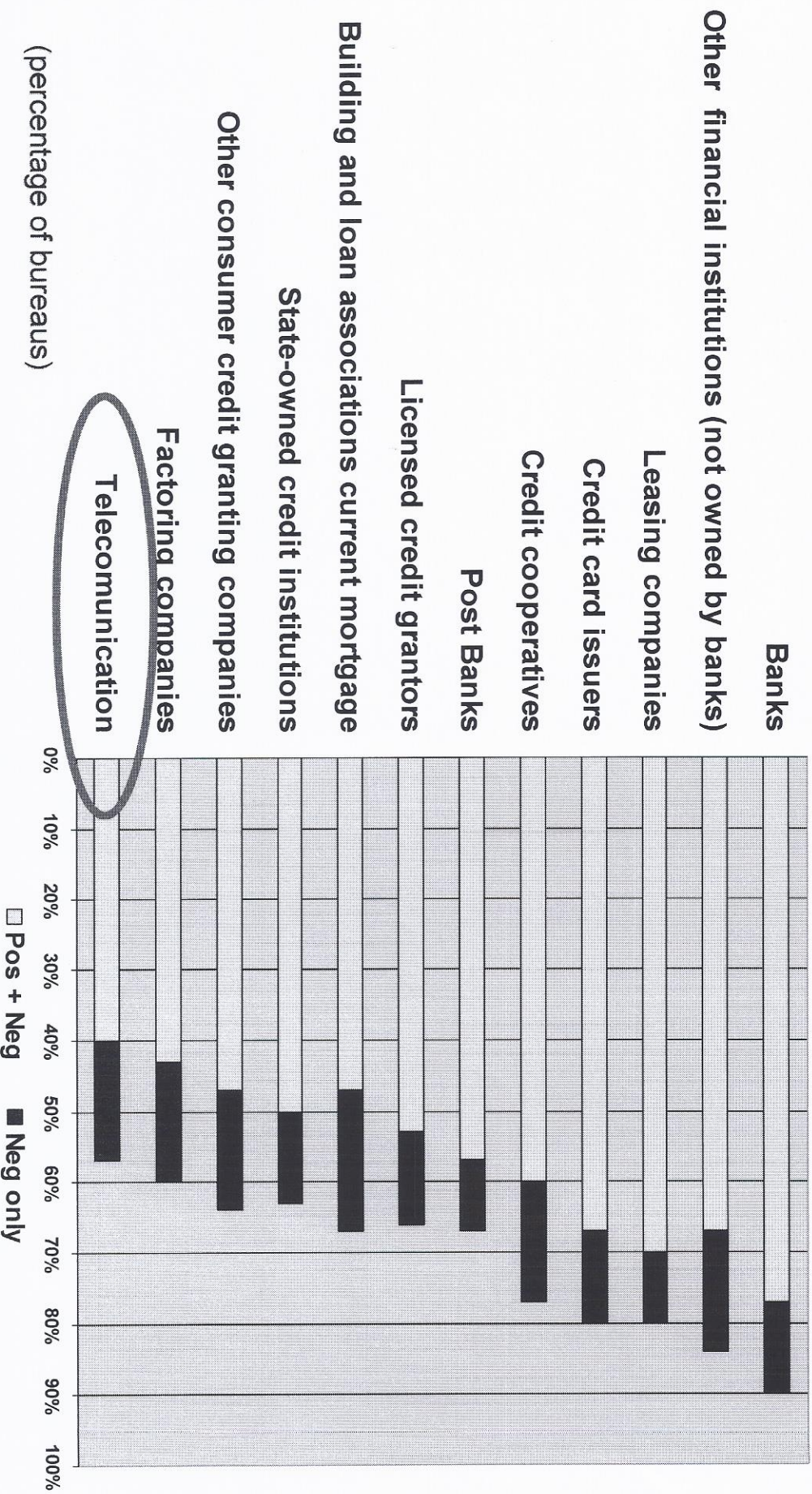
Dynamic	High level of innovation, competition and liberal regulation supporting high growth, even where markets are already highly developed	UK Spain Portugal
Unrestrained	Liberal regulation and good development potential	Greece, Netherlands Sweden
Constrained	Tough (and well entrenched) regulation	France
Saturated	Little scope for development given cultural resistance to debt, weak macro-economic growth, low levels of competition and regulatory restrictions	Germany Austria Belgium
Dormant	Low level of competition, holding back market development	Denmark Luxembourg

European Credit Bureaus

- Most operate 'for profit' and are cross sector
- Main purpose – credit risk assessment, but also fraud prevention and Basel II compliance
- More supply negative than positive data
- More operate without a code of conduct on consumer credit reporting
- Bureau access is regulated both by legislation and other controls eg UK Principles of Reciprocity
- Most data sharing is based on reciprocity
- Fewer banks and financial institutions are **required** to provide data or to consult the bureau
- Data retention periods and bureau updating cycles differ

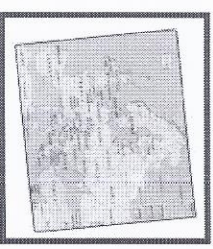


Subscribers and databases



27 Member States

- European countries all have their own specific laws regulating credit.
- Specific laws regulating the bureau, and national markets also differ.
- Information collected by credit bureaus is regulated.
- Development of credit bureaus in Europe is unequal.
- Data is different and is specific to Member States – depth and breadth varies greatly.
- Different privacy cultures and interpretation of Data Protection Directive.

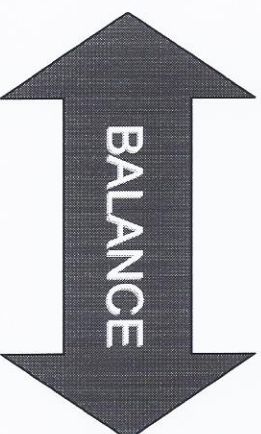
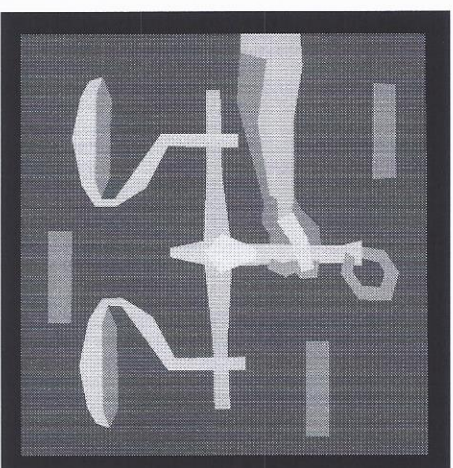


The Privacy Debate

Overriding policy of protecting individual privacy - privacy for privacy's sake

Highly prescriptive regulation and controls

Paternalistic - the consumer cannot protect themselves



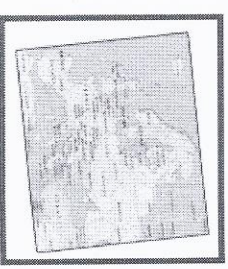
Protection of public interest for collective good - fraud, economic drivers, free access to goods and services

Consumer awareness and encouragement to accept personal responsibility

Liberal - free choice

What this means to lenders


- Lenders seeking to develop a pan-European presence cannot have a pan-European risk assessment strategy in anything but the broadest terms
- Differences in approach to uses of data means that credit based marketing tools and automated assessment techniques results in credit and risk strategies having to be tailored to the individual market
- Impact of emerging markets – China, India etc
- ...and there are parallels across the Caribbean and in Jamaica....



World Bank – Getting Credit

- Explores two sets of issues—credit information registries and the effectiveness of collateral and bankruptcy laws in facilitating lending.
- Main indicators include:
 - a Legal Rights Index, which measures the degree to which collateral and bankruptcy laws facilitate lending;
 - a Credit Information Index, which measures rules affecting the scope, access, and quality of credit information;
 - public credit registry coverage; and
 - private credit bureau coverage.



Country		Getting Credit World Ranking	Legal Rights Index	Credit Information Index	Public Registry Coverage (% adults)	Private Bureau Coverage (% adults)
United States		5	8	6	0.0	100.0
United Kingdom		2	9	6	0.0	100.0
Jamaica		84	8	0	0.0	0.0
Trinidad & Tobago		28	8	4	0.0	37.6
St Kitts & Nevis		84	8	0	0.0	0.0
Antigua & Barbuda		109	7	0	0.0	0.0
Bahamas		84	9	0	0.0	0.0
Dominica		68	9	0	0.0	0.0
Dominican Republic		68	3	6	33.9	35.0
Grenada		68	9	0	0.0	0.0
Haiti		145	2	2	0.7	0.0
Puerto Rico		12	8	5	0.0	0.0
St Lucia		84	8	0	0.0	0.0
St Vincent & The Grenadines		84	8	0	0.0	0.0

The political landscape

“We will be bringing to Parliament early in this legislative session a Bill to establish a Credit Bureau which will greatly assist lending institutions in granting loans.



The Hon. Bruce Golding
PM of Jamaica

“It is an important piece of legislation.

Budget Speech 6 May 2009

“People who have a record of being faithful in their financial obligations may not have the collateral but they will be able to walk into a bank with their creditworthiness and secure a loan.

“A good credit record is a better guarantee than a land title. A land title means that you can foreclose on the loan. A good credit history means that you are unlikely to have to foreclose on the loan.”

The Credit Reporting Bill



...*a personal view*

- Good balance between enabling a lender to assess the applicant and the rights and freedoms of that applicant as a consumer.
- Bill has the potential to help with responsible lending and drive macro-economic objectives of credit sector growth, financial inclusion and control of bad debt.
- Good for the Jamaican consumer – both at home and abroad.
- Licensing regime envisages competition – breeds cost benefits, innovation etc.
- Definition of credit bureau?
- For optimal benefit it should include telecoms, utilities and microfinance.
- Enable access to all public data and birth, marriages and deaths, TRNs etc.



Premier Credit

- Jamaican registered, based and privately owned
- Significant investment already made
- Products and services designed and tested
- Secure IT platform built and hosted in Jamaica, designed for the Caribbean market
- Credibility with all stakeholders – regulators, consumer lobbies and government
- Our solutions are fully compliant and sector-neutral, designed to work vertically within and horizontally across sectors
- Committed to social responsibility and consumer education
- Team and strategic partners with global expertise

Welcome to the new and exciting approach to credit management and loan assessment.



At Premier Credit, we provide state-of-the-art solutions to help you manage financial risk, and achieve your financial goals. Get 24-hour access to credit history, risk management solutions, and much more, with our secure, hassle-free systems. *Credit management has never been simpler.*

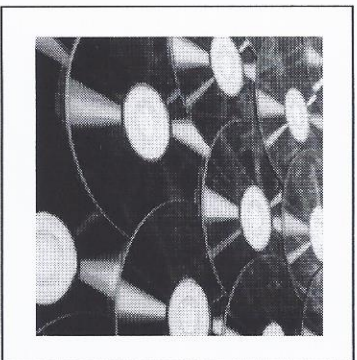
LET US show YOU how.

Establishment of Credit Bureau

Members of the Caribbean Regulatory Commission (CRC) have established a Credit Bureau which will provide essential information to its operating firms. It is an important step in the process of establishing a credit culture in the region. The Bureau will provide a platform for the exchange of information and will have the capability to work with a bank and other credit providers to help them better understand their credit risk. A good credit record is a better guarantee than a bank note. A bank note means that you can get the cash, but a good credit record means that you can get the cash to buy or finance on the loan.

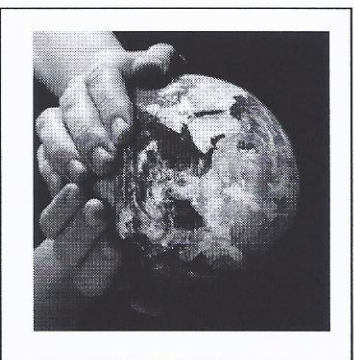
The Financial Risk Challenge
From a Survey of Finance
March 2004 to May 2007

Understanding our business



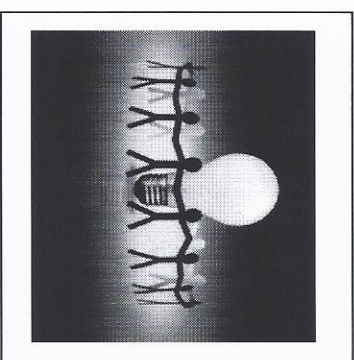
Information

Jamaican-hosted and fully compliant databases of millions of records from public sources and organisations



Insight

Turning data into critical real-time decisions for clients and consumers



Innovation

'Day One' and evolving range of products and services delivered to consumers and businesses across many sectors



Integrity

How we help *business* clients

Problems

I need a 360° view of
all my relationships
with my customers

Is this
person
who they say
they are?

Who's a good credit
risk and who's a bad
credit risk?

Can the customer afford
the loan?



What's the best rate to
match this customer's
profile?

Could this be a fraudulent
application?

Who is my
most
profitable
customer?

I want to find
new
customers

I want to improve
my efficiency of
the back office

Solutions

Expert management of complex
databases
Processing thousands of
transactions

On-line consumer credit reports

Triggers/alerts

Risk management

Fraud detection

Predictive analytics and scoring

Consultancy

Training

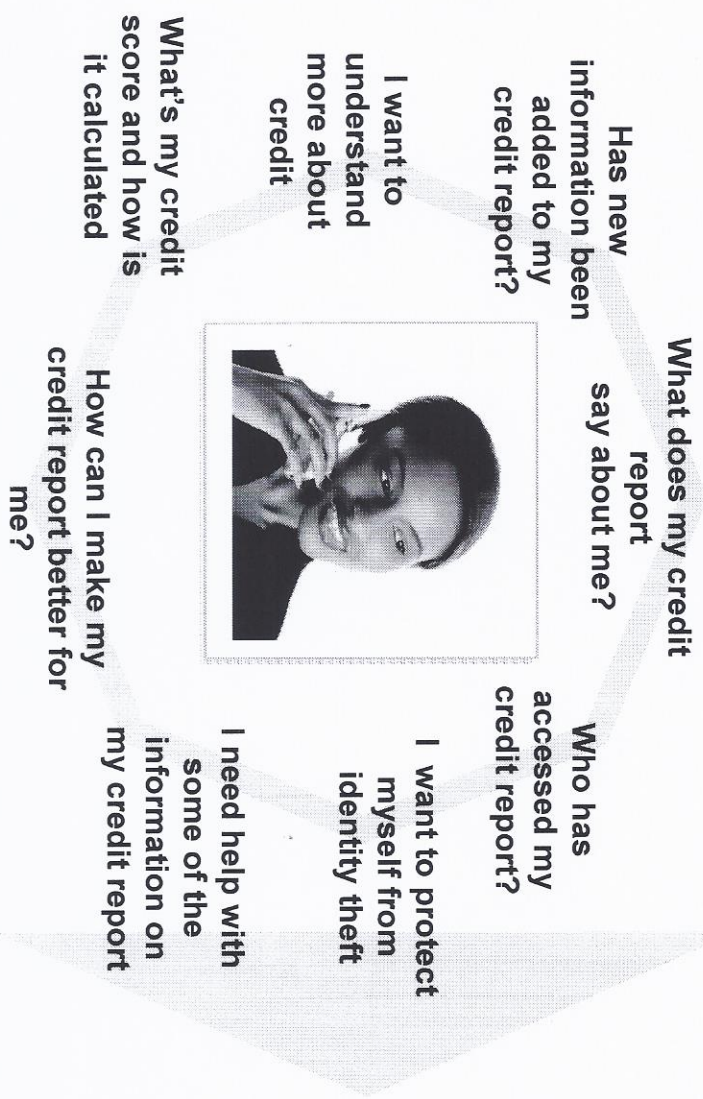
Technology Support

Dedicated account management

We help businesses find, keep and develop relationships with their customers

How we help consumers

Problems



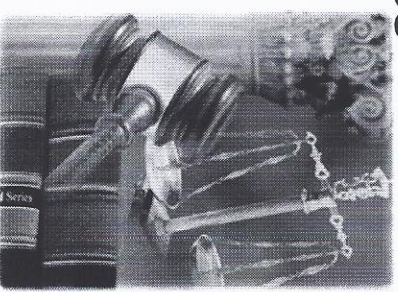
Solutions

- Online access to credit reports
- Credit monitoring services
- Instant SMS and email alerts
- Education and awareness
- Identity theft protection
- Dedicated consumer help centre

We help consumers make informed financial decisions and purchases

Legal compliance...and more

- Operating and licensed under The Credit Reporting Act
- Fit and Proper Test
- Vetting of clients, partners and staff
- Clients will be controlled contractually and by right of audit
- Bureau access and data sharing rules and protocols
- Consumer responsibilities
- Client education – Best practice, Consumer Assistance
- Regulatory relationships
- Consumer Affairs Commission partnership
- Data security and audit – Client and Premier Credit



Service Portfolio

At Launch:

- Credit Reporting
- Credit and Collections Scoring
- Application Scoring
- My PremCredit
- Consultancy and training
- Technology support
- Dedicated account management

Within the next 12 months:

- Fraud Prevention
- Credit Management Solutions
- Anti-Money Laundering Services



What Credit Bureaus Can Bring to Jamaica

A European Perspective

Mike Bradford

President and Chief Operating Officer
Premier Credit Bureau Ltd



Mike Bradford LL.B (Hons) FCIB is an acknowledged expert in UK and international regulatory and consumer affairs, compliance and data protection, combining a strategic and commercial approach with an in-depth appreciation of the associated legal and regulatory challenges and opportunities.

A particular area of expertise is credit bureaus and before setting up an international consultancy earlier this year he was **UK & EMEA Director of Regulatory and Consumer Affairs** at Experian, a FTSE 100 plc (the recognised leading global credit bureau and information services provider with clients in over 65 countries and across a broad range of industry sectors).

Specifically he was responsible for regulatory compliance and driving the optimal and compliant uses and applications of data and information assets in product and solutions design and development and was a member of the UK's data sharing council, the Steering Committee on Reciprocity.

Between 2007 and 2009 he was **President of The Association of Consumer Credit Information Suppliers (ACCIS)** based in Brussels and forged close links with the **Consumer Data Information Association** in the US (the body representing all US credit bureaus) presenting at their conference in Phoenix this January. He also presented on credit bureaus at the **World Consumer Credit Reporting Conference** in Rio de Janeiro at the end of last year.

As President of ACCIS he was responsible for leading 35 consumer credit bureaus in 25 European countries and 7 associate members from all other continents at a time of increasing focus on the provision and availability of cross-border credit. In August 2008 he was elected to the **European Commission Expert Group** charged with identifying challenges and solutions to creating a single European credit market for consumers and lenders.

He is a regular contributor to industry publications and presents at UK and International conferences on credit bureaus, data protection, marketing and credit, regulatory, consumer and industry issues, both from a compliance and commercial perspective. He has recently had an article published in **Caribbean Net News** (www.caribbeannetnews.com) 'A Credit Crisis - But A Golden Opportunity For Jamaica'.

His recent speaking and client engagements have taken him throughout Europe as well as to the United States, South America, Africa and the Caribbean where he is a main **Board Director, President and COO of Premier Credit Bureau Ltd** in Jamaica which is ready to come to market when the Credit Reporting Bill comes into force.

He has presented and provided written and oral evidence to **UK Parliamentary Select Committees, the Competition Commission and the European Parliament and Commission**. He enjoys close working relationships with industry regulators and stakeholders.

A former on executive **Director of Registry Trust Ltd**, he has worked closely with credit industry, financial services and consumer trade associations, the Direct Marketing Association, CBI and Government departments on a variety of strategic issues and initiatives.

He was a member of the **HM Treasury working party** charged with developing a national Identity Fraud service for UK consumers, launched in conjunction with the National Consumer Council in 2008.

Following a law degree, his early career includes senior and executive management roles within the UK financial services industry including responsibility for group training and management development, sales, marketing and product development. During this time he was **Chairman the Chartered Building Societies Institute** at both local and regional level. He is a Fellow of the Chartered Institute of Bankers and a Member of the Institute of Directors