

# UTILIZATION OF CREDIT REPORTING DATA FOR THE FINANCIAL AND BANKING SECTOR, AND BANKING SUPERVISION

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**IFC** | International  
Finance Corporation



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# Background: the status in Ecuador (at 2002)

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- In Ecuador the total number of micro entrepreneurs was about 1,700,000.
- Roughly 50% of them were attended with microcredit by formal MFI.
- Each micro entrepreneur has an ID number.
- More than **500 MFIs** non regulated by the Banking Supervisor.
- Most of them credit unions, but also NGO.
- These non-regulated MFIs (NR-MFIs) were not mandated to share data with PCBs
- These institutions were mainly focused on serving micro entrepreneurs in rural, urban, marginal areas.
- This represented about 50% of total microcredit offer.
- The regulated financial systems includes by 26 private banks,
- 4 Banks specialized on microfinance;
- In addition, there are 40 regulated credit unions .
- There were 4 private bureaus and an specific law to regulate their business.
- Credit bureaus have no problem to collect information from any institution.

# Ecuador: credit reporting legislation

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A new law regulates Credit Bureau information sharing.

It establishes that:

- Credit Bureaus are private companies;
- They are regulated by Bank Superintendency (Supervisor);
- Users cannot be shareholders;
- Customer consent is required to share data/inquire;
- Bureaus pay an annual sum to the Bank Superintendency for regulated financial sector client database;
- They can collect any kind of information from clients subject to borrowers' consent)

# The problem

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Major issues for non regulated MFIs:

- No have internet access.
- No core banking system.
- Mainly located in remote in rural areas.
- Not used to share information.
- They assumed they had an exclusive relationship with their clients and that clients were loyal (no relationship with other institutions so), they argued they did not need the credit bureau.
- They were afraid to share information, because they supposed that private banks could steal their clients.

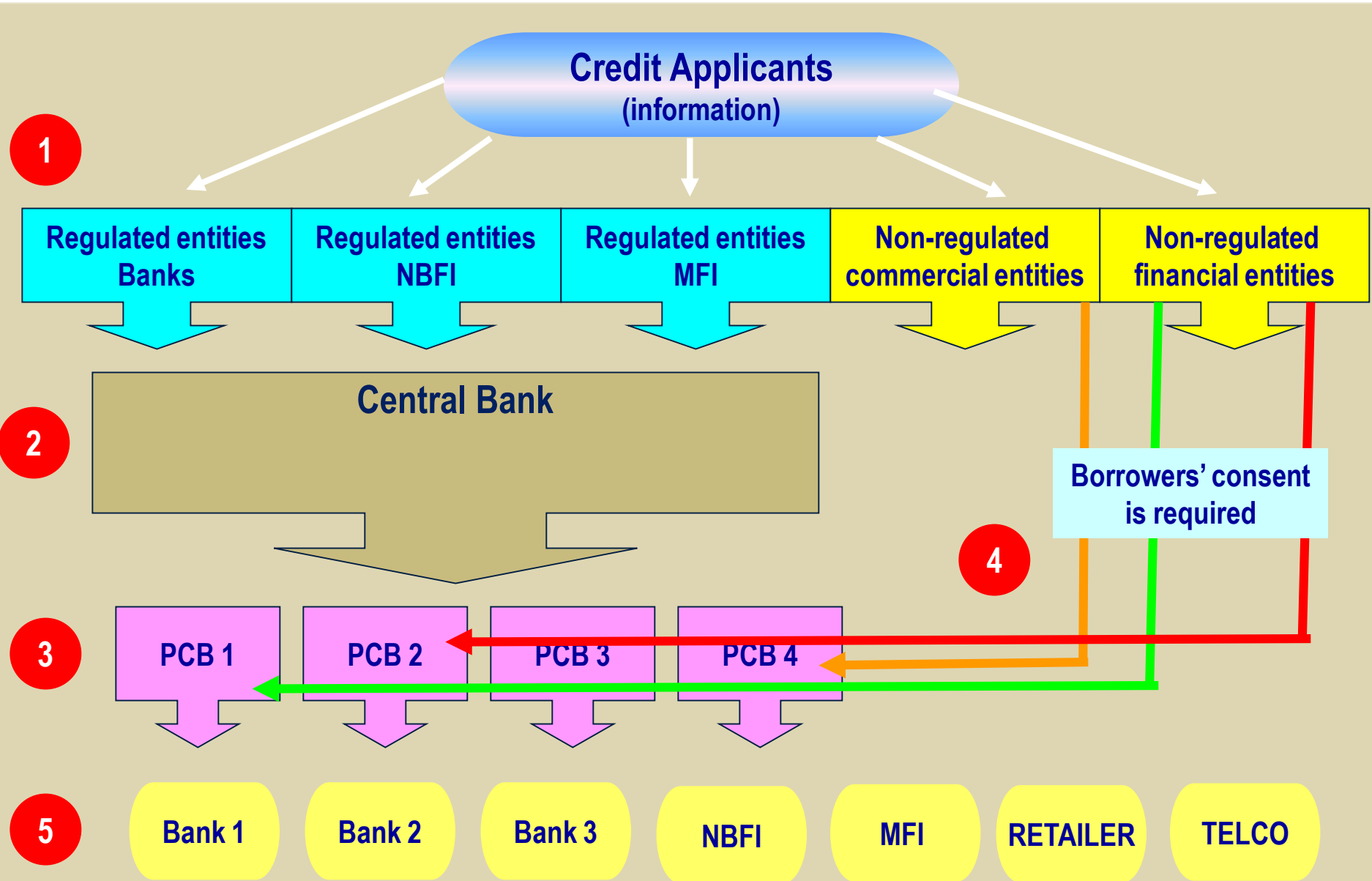
Private banks and regulated credit unions were very interested to develop urban and rural microcredit. They were mandated to send monthly information to Bank Superintendency, included credit information from clients.

Bank Superintendency shared information from private banks and regulated credit unions with credit bureaus.

Regulated institutions were mandated to inquire a PCB before granting credit

Private banks **required information from non regulated MFI** to develop a complete credit analysis to expand their credit offer and prevent over-indebtedness. That is good for market and specially for the client.

# Sharing model adopted in Ecuador: mandatory data sharing



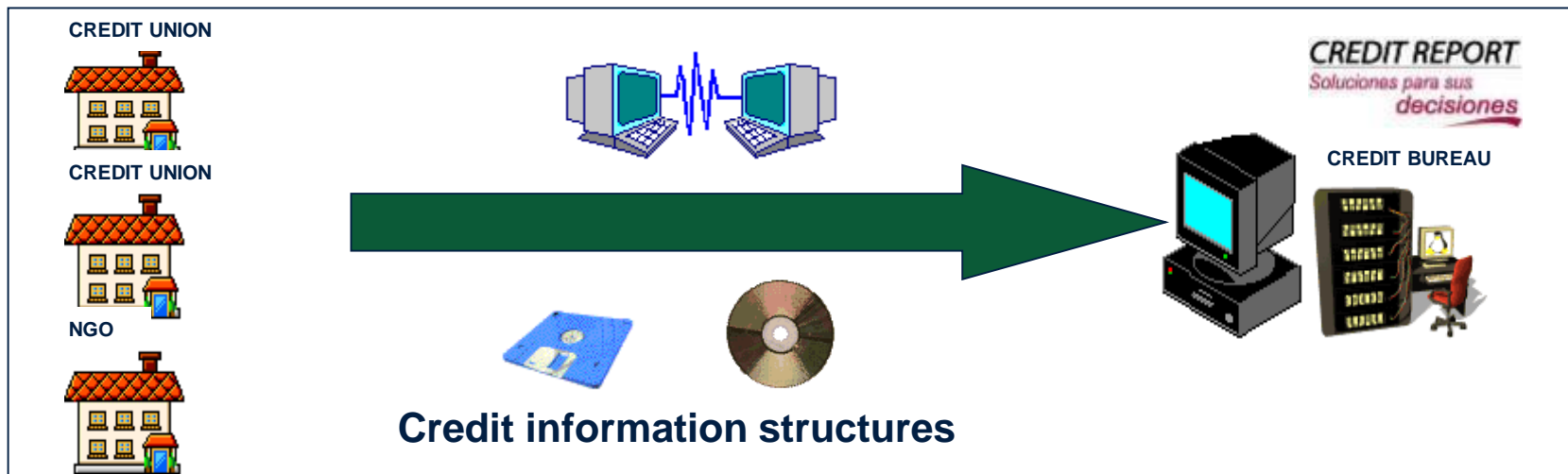
# Who are we? Red de Instituciones Financieras de Desarrollo

- RFD is the national microfinance network, formed by 48 MFI members (credit unions, specialized banks, NGO).
- RFD were interested to implement a project: “Regional service of credit information (**SERVIR** project) financed by an international NGO”
- SERVIR project begin with a pilot in rural areas with 10 credit unions (year 2003) to define some alternatives to collect data. Then, we develop a model to expand it nationally.





# Project methodology



- Technology level (sw, hw)
- Credit management
- Credit information (structures)
- Training
- Communication



- Adaptation of credit information formats
- Product development
- Information validation
- Contract models
- Reports



# Solutions:

PROBLEMS	SOLUTIONS
<ul style="list-style-type: none"> <li>➤ IMFs mistrust is sharing credit information (competitors may take customers away)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Training about credit bureau legislation, that does not permit free access of information without client authorization.</li> </ul>
<ul style="list-style-type: none"> <li>➤ IMFs have a low awareness of the advantages brought by credit bureaus. They said their clients were exclusives</li> </ul>	<ul style="list-style-type: none"> <li>➤ To provide free report service (6 months) to see the real situation about shared clients. So, they prove that <u>between 50-70% of their clients have credit information from other institutions.</u></li> </ul>
<ul style="list-style-type: none"> <li>➤ IMFs do not appreciate advantages in sharing full credit information.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Free service provided for 6 months and special price for consulting from 6 to 12 months.</li> <li>➤ Old and new delinquent clients appear to cancel credits, because they applied for credits in other institutions.</li> </ul>
<ul style="list-style-type: none"> <li>➤ IMFs have basic and old administration software, or only Spreadsheet</li> </ul>	<ul style="list-style-type: none"> <li>➤ To create and install in each MFI a small personalized applications (software) to extract information from each MFI and run an automatic process to generate information and structures.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Bad internet connections.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Allow different procedures to send information: diskette, CD, USB</li> </ul>

# Original reports

## MICROFINANZAS

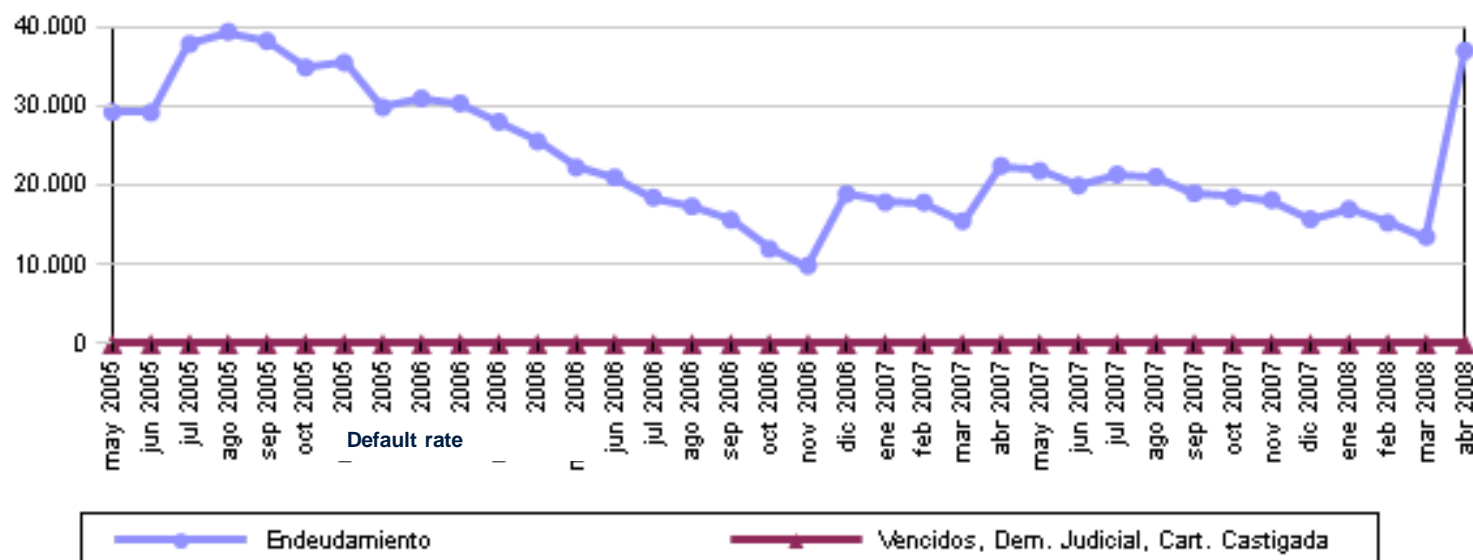
### IDENTIFICACIÓN CONSULTADA

Number ID

NAME

**CENTRAL DE CREDITO** (Información proporcionada por la SBS - el 27 de mayo 2008 - Periodo: mayo 2005 - abril 2008.)

*Gráfico de la evolución deuda total y vencida Periodo mayo 2005 a abril 2008. Directo*



*Valor actual de deuda total reportada en el Sistema Financiero, entidades no reguladas por SBS y el Sector Comercial .*

Acreeedor	Por Vencer	No Devenga Intereses	Vencido	Saldo Deuda	Demanda Judicial	Cartera Castigada
Sistema Financiero Regulado SBS	37.081,64	0,00	0,00	37.081,64	0,00	0,00
Entidades No Reguladas SBS	5.596,76	0,00	213,40	5.810,16	0,00	0,00
I.E.S.S.	1.157,90	0,00	0,00	1.157,90	0,00	0,00
<b>Total:</b>	<b>43.836,30</b>	<b>0,00</b>	<b>213,40</b>	<b>44.049,70</b>	<b>0,00</b>	<b>0,00</b>

# Client evaluation (pre-approval)

## CALIFICA

**CREDIT REPORT**  
Soluciones para sus  
decisiones

### IDENTIFICACIÓN CONSULTADA

Cédula de Identidad:

Nombre:

**DECISIÓN** (Información actualizada al 28 - mayo - 2008 - Central de Riesgo con Fecha de Corte: abril 2008 )

**Pre Aprobado**



**APROBADO**

### RESULTADOS POLÍTICAS

Calificación (SBS, Microfinanzas)	MONTO PEOR CALIFICACION ACTUAL SBS	0,00
	MONTO PEOR CALIFICACION ULTIMOS 12 MESES RFR	0,00
	MONTO PEOR CALIFICACION ULTIMOS 12 MESES SBS	0,00
	NUMERO IFIS RFR SICOM DEUDA ACTUAL	0
	NUMERO IFIS SBS DEUDA ACTUAL	3
	PEOR CALIFICACION ACTUAL RFR	
	PEOR CALIFICACION ACTUAL SBS	-
	PEOR CALIFICACION ULTIMOS 12 MESES RFR	-
	PEOR CALIFICACION ULTIMOS 12 MESES SBS	-
Datos Complementarios	CUOTA ESTIMADA	897,75
Endeudamiento En El Sistema (SBS, SICOM, Microfinanzas)	DEUDA ACTUAL RFR SICOM	0,00
	DEUDA ACTUAL SBS	17.181,11
	DEUDA PROM. ULTIMOS 12 MESES RFR SICOM	440,67
	DEUDA PROM. ULTIMOS 12 MESES SBS	19.247,68
	MAXIMA DEUDA ULTIMOS 12 MESES RFR SICOM	798,00
	MAXIMA DEUDA ULTIMOS 12 MESES SBS	23.100,80
	MAXIMO PLAZO VENCIDO ULTIMOS 12 MESES RFR - SICOM (Meses)	
	MAXIMO PLAZO VENCIDO ULTIMOS 12 MESES SBS (Meses)	
	MINIMA DEUDA ULTIMOS 12 MESES RFR SICOM	262,00
	MINIMA DEUDA ULTIMOS 12 MESES SBS	12.920,59
	TOTAL VENCIDO ACTUAL RFR SICOM	0,00
	TOTAL VENCIDO ACTUAL SBS	0,00



**RECHAZADO**

**IDENTIFICACIÓN CONSULTADA**

Cédula de Identidad: : Nombre:



SCORE MAX: 999  
Puntaje al 28-mayo-2008



Una Persona Con Un Score Entre 951 Y 970 Tiene Una Probabilidad De 4,40% De Incurrir En Morosidad En El Sistema Crediticio Ecuatoriano

**Importante: El 74% de las personas en el Sistema Crediticio Ecuatoriano tienen un Score menor que el de la persona consultada**

Las variables Score se construyen con información histórica desde el año 2002 a la fecha

**FACTORES QUE INFLUYEN EN SU SCORE**

Considera únicamente deuda directa en el Sistema Crediticio Ecuatoriano

(-) Influencia Negativa

(+) Influencia Positiva

<p>HISTORIAL DE PAGOS</p>	(-) Número De Atrasos Mayor A 60 Días:	0
	(+) Número De Operaciones Históricas:	7
	(+) Número De Operaciones Vigentes:	2
	(-) Número De Operaciones Vencidas:	0
	(-) Número De Operaciones Que No Devenga Intereses:	0
	(-) Número De Operaciones E:	0

<p>SALDO DE DEUDA ACTUAL</p>	(+) Saldo Por Vencer:	11478,13
	(-) Saldo Vencido:	0,00
	(-) Saldo Que No Devenga Intereses:	0,00
	(-) Saldo En Demanda Judicial:	0,00
	(-) Saldo En Castigo:	0,00

<p>ANTIGUEDAD DEL HISTORIAL</p>	(+) Tiempo Transcurrido Desde El Primer Crédito:	85 Meses
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<p>NUEVOS CREDITOS (último año)</p>	(+) Número De Operaciones Aperturadas En Los Últimos 12 Meses:	1
	(+) Saldo De Deuda De Nuevos Créditos:	9800.00
	(-) Saldo Promedio Vencido Nuevos Créditos:	0.00

# Scoring models

# Overindebttness



## BEFORE: Credit Scoring



## NOW: Credit Scoring



Ajuste

## BEFORE: Credit Scoring



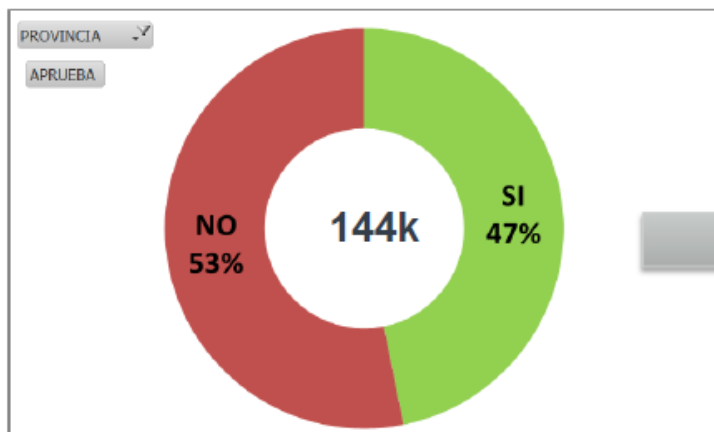
## NOW: Credit Scoring + Overindebttness



Ajuste

# MARKET STUDIES

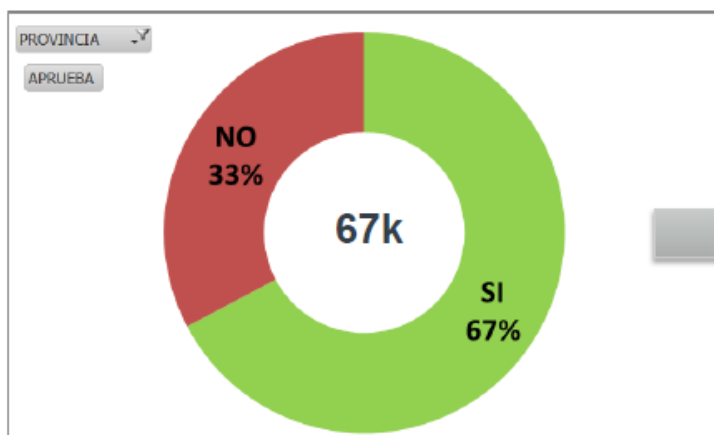
## ZONA 1



- ✓ Regiones de Interés
- ✓ Riesgo + políticas + sobreendeudamiento
- ✓ Endeudamiento / Capacidad de Pago

SEGMENTO	SUB SEGMENTO	% Saldo	Monto Promedio	MORA
TOP	1T	12%	\$ 6.258	0,10%
	2T	18%	\$ 4.519	0,01%
	3T	55%	\$ 3.855	0,00%
MEDIO	1M	5%	\$ 4.072	0,08%
	2M	4%	\$ 4.065	1,49%
	3M	3%	\$ 3.960	3,75%
BAJO	1B	1%	\$ 4.078	5,26%
	2B	1%	\$ 4.936	24,89%
	3B	0%	\$ 3.548	15,63%

## ZONA 2



SEGMENTO	SUB SEGMENTO	% Saldo	Monto Promedio	MORA
TOP	1T	7%	\$ 7.756	0,00%
	2T	7%	\$ 6.019	0,00%
	3T	68%	\$ 3.678	0,00%
MEDIO	1M	8%	\$ 3.306	0,00%
	2M	4%	\$ 4.772	0,59%
	3M	3%	\$ 3.773	2,39%
BAJO	1B	1%	\$ 3.794	2,23%
	2B	1%	\$ 3.476	3,01%
	3B	0%	\$ 5.179	9,68%



# Debt collection

## Collect optimization process

Before

After payment date

Objetivo



Fases

Reduce al mínimo las tasas de morosidad, incluso antes de que sucedan	Cuentas que acaban de caer en cobranza. Probabilidad de Pago Espontaneo	Se vuelven mas difíciles de cobrar porque es más difícil localizar a los cliente	Se trata de cuentas difíciles de cobrar y por lo general no pueden pagar	Cobranza a través del proceso legal y reposición y venta de bienes recuperados	Recuperar la mayor cantidad posible, ofrecer arreglos y otras herramientas de resolución de deuda	Identificación y creación de paquetes de créditos para la venta
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Plataforma de Cobros

Cobranza administrativa

Cobro Jurídico

Valuación de Cartera

Métricas e informes

JAVIER VACA

RFD

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*Finanzas para el desarrollo*

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