

CRC Bulletin

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Understanding Credit Bureaus

Access to finance is a fundamental prerequisite for successful operation of any business whether small, medium or large.

Credit Bureaus are identified as a financial infrastructure capable of assisting in providing credit worthy information with a view of assisting lenders in taking informed decisions about their borrowers.

Benefits of Credit Bureaus to Consumer Credit

- Credit bureaus enhance reliance on reputational collateral than on physical collateral. Therefore, it eases the chances of access to credit for consumers and businesses with impeccable historical repayment records.
- Consumers are major beneficiaries of credit bureau schemes in terms of accessibility and fair risk asset pricing.
- Credit bureaus help remove obstacles confronting consumers in accessing credit facilities.
- Credit Bureaus help you discover if anyone made unauthorized purchases or has stolen your identity to access your bank accounts or open other lines of credit in your name. CRC Credit Bureau offers customers a Self Enquiry report in order to assess submissions made by lending institutions with regards to your credit history. (Visit: www.crccreditbureau.com/self_enquiry/enquiry.html).

Benefits of Credit Bureaus in Establishing Credit Worthiness of SMEs

- Shares credit histories of SMEs to boost their attractiveness to lenders. CRC Credit Bureau offers SMEs a Classic and Basic Information reports in order to assess a detailed view of a borrower or the summary of essential credit and personal details of borrowers and an insight into the indebtedness of the borrower or guarantor.
- Assists SMEs in building track records, thereby collecting and disseminating information from a wider base which captures dealings between SMEs and their clients.
- Acts as a one-stop centre for financial institutions to obtain consolidated information on SMEs.
- Takes into account both positive and negative information on SMEs. For example, information on bankruptcy and legal suits which are not updated might result in a biased assessment of creditworthiness. However, a more balanced information will benefit SMEs as it will provide a more balanced view of their credit stance.
- Enables SMEs gain better understanding of their financial deficiencies which lead to rejections by financial institutions.
- Provides market research and reports on SME industry which expands user base beyond SMEs creditors.
- Enriches the information available to financiers to support credit risk assessments and the asset quality of SMEs.