

Changing the Legislation in Guyana

News Update by Hákon Stefánsson, Chief Operations Officer, Creditinfo Group

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Prior to 14th January 2016, legislation in Guyana was based on:

- a) voluntary participation of lenders
- b) consent requirements prior to upload data to the credit bureau

The fact that the lenders were required to get a data subject's consent prior to upload data to the credit bureau turned out to be a major challenge, as the bureau data could under no circumstances be considered to give the full picture, as it was dependant on consent requirements, but not lenders' membership in the bureau. It was also a challenge for the lenders to ensure that only consented data would be uploaded to the bureau. Therefore, most of the banks preferred to use an informal way of data sharing, i.e. sending requests to each other asking about loan applicants' credit history.

During my first trip to Guyana (Feb/March 2015), we met the governor of Bank of Guyana (BOG) and discussed the situation in the market. Only 15,000 records in the database and no members of the Credit Bureau were pulling reports. We mentioned flaws in the legislation, asked for their support, etc. The governor said that we would need to put more effort in getting the banks on board and BOG would do the same. The day after, we met the Banking Association and they referred to flaws in the legislation which BOG had to solve. So, BOG referred to the Association and vice versa.

At that time, the bureau had been in operation for more than 18 months and still no credit reports had been pulled and there was only a couple of thousand records in the database. Our strategy became the following:

- meet all major lenders, key members of the cabinet, Bank of Guyana at least once every 2 months to keep them update about the challenges we were facing and the importance of having them sharing/pulling data;
- schedule a couple of events with the said stakeholders (breakfast meetings) where we compared Guyana to Jamaica (and other markets) and highlighted the poor rating Guyana was getting in terms of access to credit. Also, we referred to the tender docs which were part of the licensing process/selection where it had been stated that key players were fully committed;
- highlight our investment in the market;
- and during Q4 2015, tell all the key stakeholders that there were no reason for us to keep operating the bureau while nothing would change.

The government asked us to highlight the required amendments to the credit reporting act, last autumn. We did it and we included a very strong reasoning.

The Bill was issued at the end of November 2015 and the first reading was in December 2015. The 2nd and the 3rd reading was 14th January 2016, where the bill was passed with a support from the opposition (which was also the first time this had happened since these governments came to power in June 2015).

The key amendments:

- consent not required prior to data uploads;
- mandatory for regulated financial institutions to upload data;
- mandatory for regulated financial institutions to pull credit report prior to issuing credit;
- mandatory for specific public sources to share data with the bureau, incl. utility companies.

At the same time our local team has managed to:

- build up a database which now consists of more than 85,000 records in January 2016 compared to 10,000 records in January 2015;
- reach monthly sales figures which covers the bureau's operational cost since November 2015.

Finally, I believe that Guyana can become a role model for other markets where we can refer to the impact of bad and good legislation. Not many countries have introduced a credit reporting act and amended it 5 years later.

Regards,

Hákon

PS You can read more about this online at:

<http://www.inewsguyana.com/law-changed-to-make-credit-reporting-more-effective/>

<http://guyanachronicle.com/house-approves-credit-reporting-bill/>

Here are few photos from Parliament and the celebrations afterwards.



Above Left: Judy Semple Joseph, CEO, Creditinfo Guyana and Hákon. **Above Right:** Hákon with the Minister of Finance, Winston Jordan and the Governor of Bank of Guyana, Dr. Gobind Ganga. **Below Left:** in Parliament at the 3rd reading on 14th January 2016. **Below Right:** Our guests at the celebrations



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