



WORLD BANK GROUP
Finance & Markets

Overview of Credit Infrastructure Program

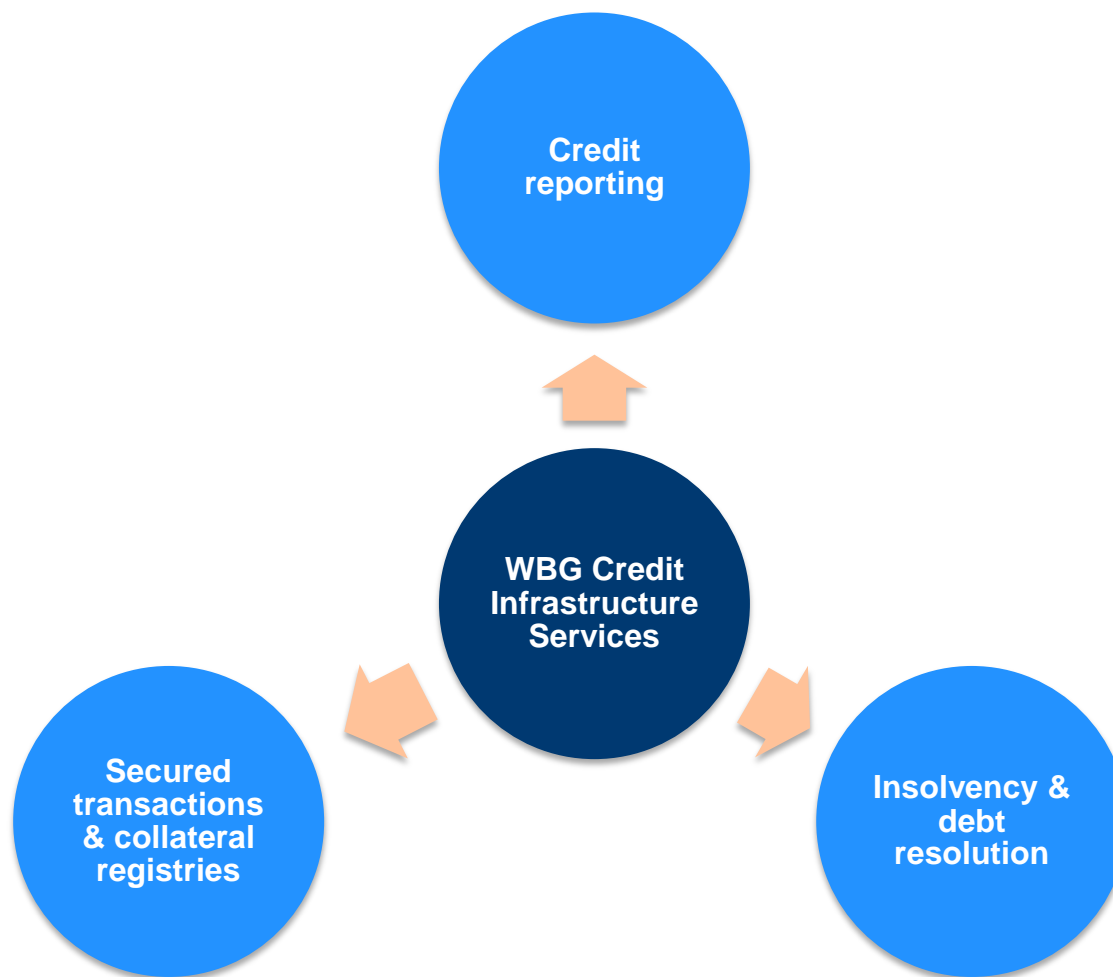
BNM-WBG Credit Infrastructure Program
Kuala Lumpur, Malaysia
April 4, 2016

Credit Infrastructure Services

Credit infrastructure

- Set of laws and institutions
- Enables efficient and effective access to finance, stability, and socially responsible economic growth
- Focus on countries where limited financial inclusion and weak insolvency systems remain a severe constraint to individuals and MSMEs

The three areas of the World Bank Group's (WBG) Credit Infrastructure Services



Credit Infrastructure Services

Credit Infrastructure clients:

- Central Banks
- Ministries of Finance, Economy, Justice, and Trade
- Commercial Banks
- Chambers of Commerce
- Courts
- Business Associations
- Credit Reporting Service Providers
- Independent Alternative Dispute Resolution Centers

The Credit Infrastructure portfolio:

- approximately **100 active projects**
- over 90 countries across six continents
- totaling approximately \$80 million

Highlights of Successful WBG-supported Credit Infrastructure Reforms

CREDIT REPORTING

- Supported the establishment of credit reporting systems (CRS) in
 - Cambodia:**
 - As of December 2014, the Credit Bureau of Cambodia covered 4.18 million consumers and received 6.29 million inquiries cumulatively, which is estimated to have facilitated over \$2.45 billion in financing
 - China:**
 - The Credit Reference Center is the largest repository globally, covering over 850 million individuals and 19.4 million legal entities at the end of 2014
 - The Regulation on Credit Reporting Industry, was issued by the People's Bank of China in 2013
- Helped with integration of microfinance institutions into the existing CRS in
 - India:**
 - Since 2011, 44 million incremental inquiries have been made by lenders and 299 incremental microfinance institutions have been providing data to two credit bureaus (High Mark and Equifax), which combined have 100 million micro-client records, the largest repository of such data in the world

Highlights of Successful WBG-supported Credit Infrastructure Reforms

SECURED TRANSACTIONS

- Supported legal and regulatory reforms and helped establish modern and centralized electronic registries in

Ghana:

- Around 60,000 loans registered for a value of \$14 billion and more than 8,000 SMEs and 30,000 microenterprises have received loans, which has created hundreds of new jobs. In terms of the type of collateral, 25% has been inventory & receivables, 20% household goods, and 19% vehicles

China:

- In 2014, the number of registrations in China's Collateral Registry reached 417,170 and the value of financing facilitated was \$2.4 trillion (for receivables finance and lease only)

Colombia:

- More loans registered in the first six months of the launch (March 2014) than in the last 30 years, i.e. around 58,000 loans registered for a value of more than \$10 billion

Highlights of Successful WBG-supported Credit Infrastructure Reforms:

INSOLVENCY

- Supported the reform and implementation of modern insolvency regimes in

Latvia:

- Introduced a voluntary out-of-court debt-restructuring mechanism. Recovery rates by creditors from insolvent firms increased 71% within five years post-reform.

Mauritius:

- Introduced and helped implement a regulatory framework for insolvency practitioners. Recovery rates by creditors from insolvent firms increased 17% within two years post-reform.

Moldova:

- Introduced a new legal framework for insolvency. Recovery rates by creditors from insolvent firms increased 10% within three years post-reform.

The Positive Relationship between Access to Finance and Job Growth

Key Findings:

- Increased access to finance results in increased job growth in developing countries
- Firms with access to a loan exhibit employment growth **between 1 and 3 percentage points** larger than firms with no access to finance
- Introduction of credit bureaus (CBs) increases employment growth by **over 5 percentage points** compared to countries where CBs do not exist
- Association between finance and job growth is **stronger among MSMEs** than among large firms
- MSME firms with access to a loan have **between a 1 and 4 percentage point** larger employment growth than MSMEs without a loan
- Introduction of CBs elicits a job growth response among MSMEs that is **over six times larger** than that among large firms

Source: Meghana Ayyagari, Pedro Juarros, Maria Soledad Martinez Peria, and Sandeep Singh, Access to Finance and Job Growth: Firm-Level Evidence across Developing Countries



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Thank you!

www.worldbank.org/creditinfrastructure