



WORLD BANK GROUP
Finance, Competitiveness & Innovation

Evolving Credit Reporting Industry: Trends, Challenges and Opportunities

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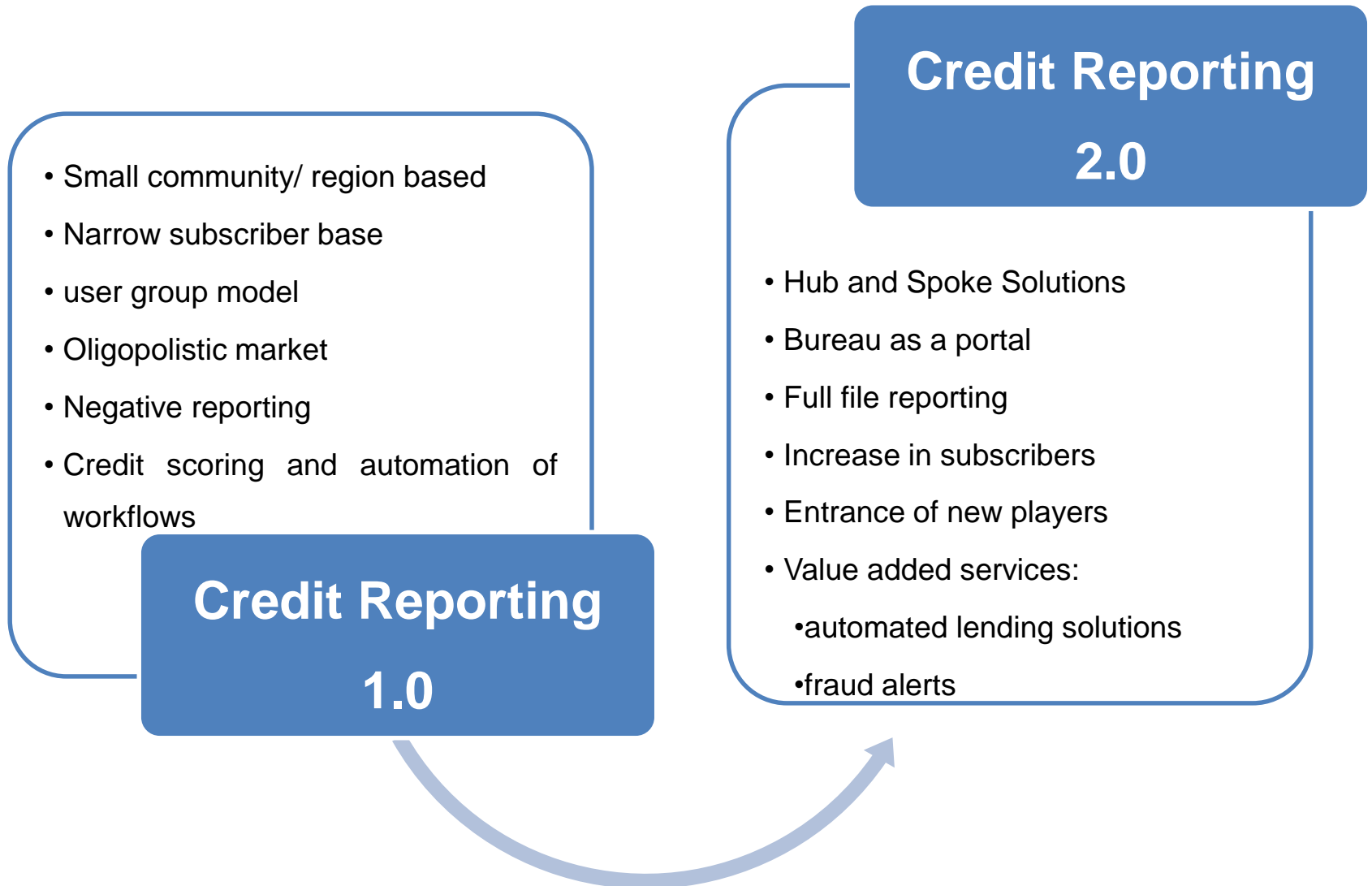
Agenda

- 1 Credit Reporting 1.0 and 2.0**
- 2 Innovations, Trends and Development**
- 3 Risks, Challenges and Opportunities**
- 4 Implications of the changing landscape**
- 5 Future of Credit Reporting: Credit Reporting 3.0?**
- 6 Conclusion**



Credit Reporting History

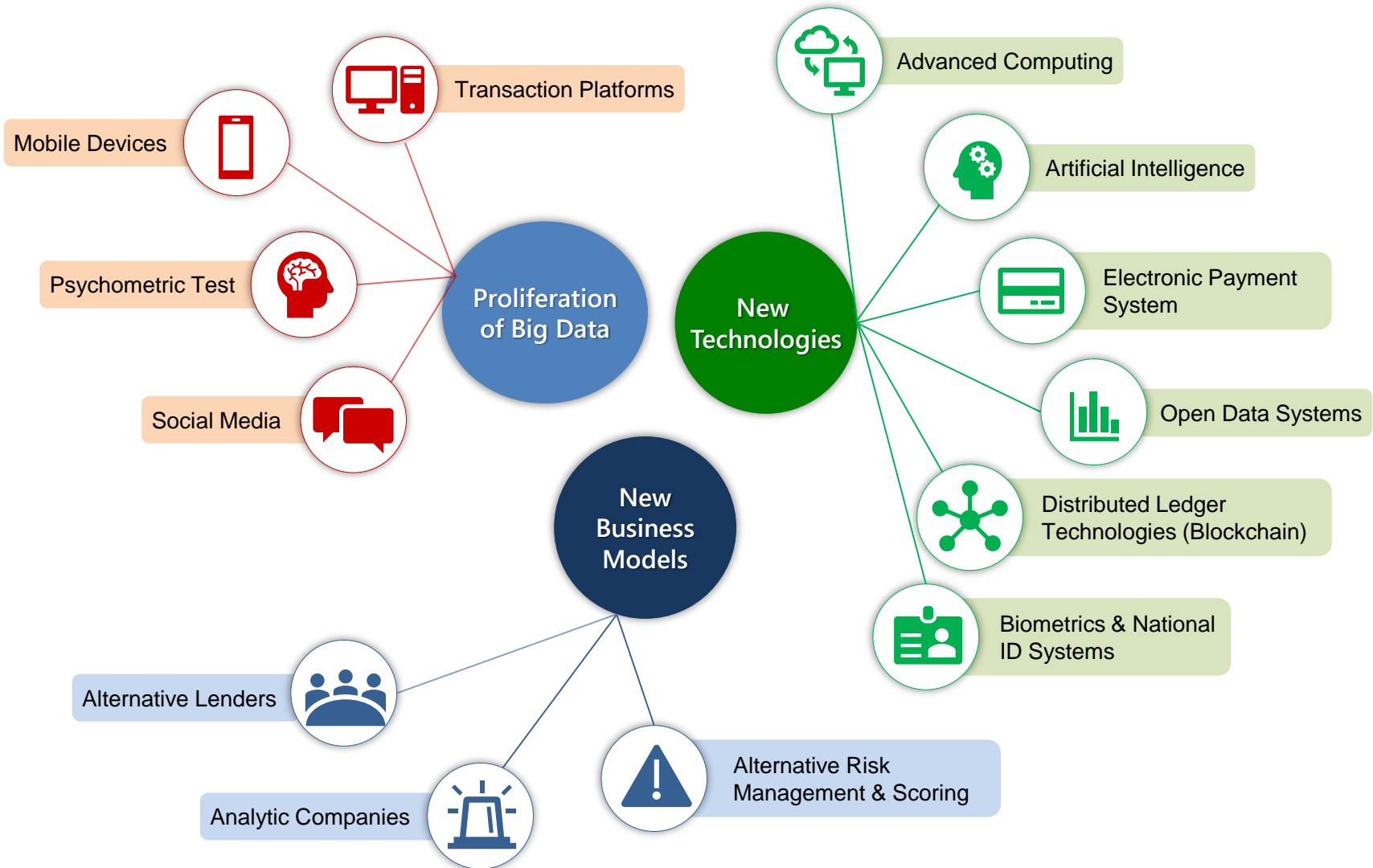
HISTORY OF CREDIT REPORTING





Innovation, Trends and Developments

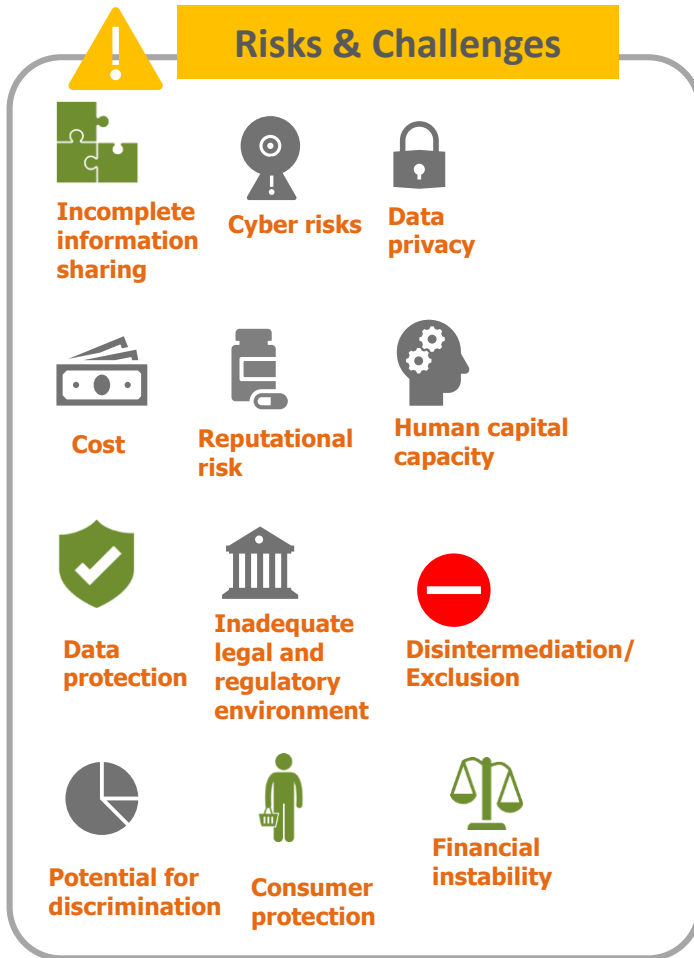
Evolving Credit Reporting Landscape





Risks, Challenges and Opportunities

Risks, Challenges and Opportunities





IMPLICATIONS OF CHANGING CREDIT REPORTING LANDSCAPE

IMPLICATIONS OF NEW TECHNOLOGIES



Advanced /Cloud Computing

- Increased **reliance on third/ fourth party players** heightening cyber risks
- Legal and regulatory risks - **data residency** issues
- **Bureau system as a services** - lower set up and running costs (plug and play models); reduced time of implementing bureau project,
- increased competition



Biometrics & National Identity Systems

- Improved **data subject identification**
- Cross border identification of data subjects – **unique global ID?**
- Cross border data sharing
- Value added products & services – **shared eKYC, fraud alerts**

IMPLICATIONS OF NEW TECHNOLOGIES



Proliferation of Big Data

- **Inclusion** of thin and/or no file customers
- **Data integrity** issues
- Review of **definition of credit data**
- Expansion in credit reporting ecosystem
- Data driven decision making and product & services
- Data privacy concerns



Open Data Systems

- Increased data availability
- Removes incumbency advantages and opens up the industry (foster competition)
- Data as **a public good** and not source of competitive advantage
- Potential change in **data ownership model**
- Improved product and service innovation

IMPLICATIONS OF NEW TECHNOLOGIES



Distributed Ledger Technologies (Blockchain)

- Consumer sovereignty/ **permissioned data models**/ data vaults
- Data **portability and mobility**
- Cross border information sharing
- Improved speed and security



Artificial Intelligence

- Increased appetite for more data
- easier, faster and more cost effective to mine vast quantities
- Improved **model power**
- Irresponsible **usage of AI & ML – discrimination**

APIs

- easier, faster and more effective data transfers
- access to more data sources
- heightened **cyber vulnerability**

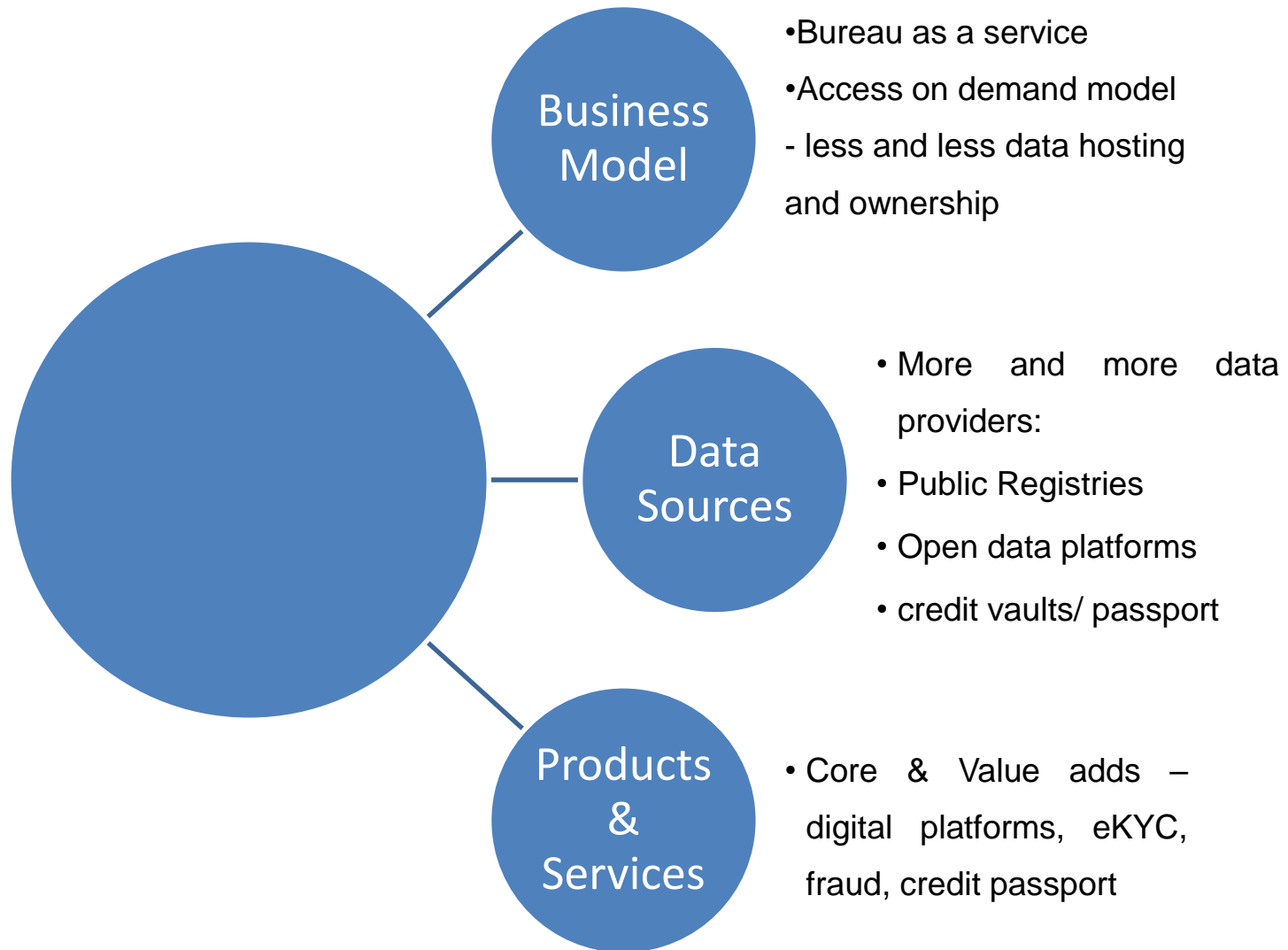
IMPLICATIONS OF NEW PLAYERS

- Increased competition:
 - shrinking margins
 - product and service innovation
 - Mergers/ acquisitions/ strategic partnerships
- Regulatory arbitrage – regulated vs unregulated players
- Potential for instability



Future of Credit Reporting

CREDIT REPORTING 3.0



CONCLUSION

- **Fundamental model** of credit reporting will not change.
- Investment in **infrastructure and digital foundational stacks** important.
- **Regulatory support** is critical.
 - **Localization/ residency** rules require a rethink.
 - Revision of **definition of credit data**/ responsible mainstreaming of alternative data.
 - Guidance on **usage of new technologies and innovations** – FEAT Principles on AI.
- **Human capital development** (private and public sector).



THANK YOU