



The Western Hemisphere Credit & Loan Reporting Initiative (WHCRLI): Experience of Pilot Phase

Mid-Term Workshop
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Mario Guadamillas, The World Bank



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I. ORIGIN OF THE INITIATIVE



In Spring 2003, following up on the success of the WH Payments Initiative, discussions started on how to replicate the model for other areas in the financial sector



In September 2003, LAC central bank governors gave the mandate to CEMLA to launch a regional initiative in the area of Credit&Loan Reporting

I. PILLARS OF THE STRATEGY

OBJECTIVE: Assessing and recommending improvements to credit & loan reporting systems in the Hemisphere



**Integration of
Credit & Loan
Reporting Issues**



**Cooperation with
international
organizations**



**Country
Ownership**

II. CORE TEAM RESPONSIBILITIES

- **Implementation of the Initiative**
- **Developing a common methodological framework for the studies (e.g., Working Papers)**
- **Coordination with FIRST**
- **Organization of country studies**
- **Informing ICC about the Initiative's activities and organize its meetings**
- **Dissemination of information about the Initiative inside and outside CEMLA and the World Bank**



II. TEAM MEMBERS

CEMLA

José Antonio García until May 2005

Corina Arteche from May 2005

THE WORLD BANK

Massimo Cirasino, Mario Guadamillas, Margaret Miller,
José Antonio García from May 2005

FIRST CONSULTANTS

Lucilda Brickler, Matías Gutierrez, Federico Castro

FIRST MANAGEMENT UNIT

Cristina Bortes, Robert Smith



II. CEMLA RESPONSIBILITIES

- **Participate and assist in the country studies being undertaken by the Initiative**
- **Production together with Country Authorities of Orange Books**
- **Support the Regional Group on Credit & Loan Reporting Issues**
- **Management of the network of communications within and outside of the Initiative with participants and interested parties**
- **Administration of the web page in Spanish and English**
- **Administer the relevant documentation, in Spanish, English and Portuguese, for the development of credit and loan reporting systems in the Hemisphere**
- **Provide support for conferences and workshops sponsored by the Initiative**



II. ICC ROLE

- **Bring to bear international and national expertise on the Initiative's strategy and content (policy and practice) from institutions with diverse experience**
- **Convene central bankers and other financial sector authorities and market associations to develop constructive approaches for credit & loan reporting issues**
- **Help identify appropriate areas and resources for technical assistance and for Initiative support**
- **Assure consistency with the most up-to-date thinking on credit & loan reporting issues**
- **Provide advice and ideas to the creation of the Regional Group on Credit & Loan Reporting Issues**

III. INITIATIVE ACTIVITIES

Pilot Phase (From July 2004 to May 2005)



Preparatory Work

- Preparation of relevant documents
- Initial contacts with ICC members
- Initial contacts with countries in the Region
- Identification of consultants

Workshops

*Launch Workshop
August 2004*

Meetings

*ICC meeting
August 2004*

III. INITIATIVE ACTIVITIES

Pilot Phase and Phase I (From May 2005 to May 2006)



Meetings

*ICC meeting
May 2005*

*ICC meeting
May 2006*

Groups

**CEMLA
Working Group**
To be created in
Second Semester
2005

7 Country Assessments

Mexico
August 2004

Colombia
November 2004

Brazil
January 2005

Evaluation of Results
May 2005

Country 4
3rd Quarter 2005

Country 5
4 Quarter 2005

Country 6
1st Quarter 2006

Country 7
2nd Quarter 2006

Workshops

*As requested
by countries visited
during missions*

Tools

*Web Page
(operational since
3rd quarter 2004)*

*Policy Documents
(Working Paper 1)*

*Assessment Tools
(Working Papers)*

III. ACTIVITIES

- **Three countries have been covered in the pilot phase of the project and results are evaluated in this Workshop and,**
- **The project extends to the other four countries (phase I). However, it is expected that all other countries in the LAC region be covered, should the project convert into a sustainable effort**



IV. Outputs

- **Definition of policies-actions for sub-regional integration of CLRSs in the LAC region. Key outputs:**
 - Standards and best practices identified. (Working Paper I)
 - Methodologies and tools for using credit information available in the CLRS in banking supervision will be developed. (Working Paper I-IV)
 - Educational materials and consumer outreach strategy on credit reporting/credit culture developed. (Phase I)
 - Commonly shared regional policy document on credit reporting prepared. (Phase I)
 - A web page to present the outputs of the Initiative and other information of interest. (Available since 2004)
 - The promotion of working groups to ensure continuity to the project. (To be established before the end of 2005)

IV. Outputs

- **Assessing (using a common assessment methodology) the CLRSSs in LAC countries with a view to identifying weaknesses in their CLRSSs regimes. Key outputs:**
 - **Preparation of public reports containing a systematic in-depth description of each country's credit and loan reporting systems. (Orange Books for three countries of pilot phase)**
 - **Delivery of Recommendations Reports to country authorities on a confidential basis, covering practical and strategic suggestions for exploiting improvement opportunities. (Mexico, Brazil and Colombia)**
 - **Organization of workshops and events focusing on issues of particular interest at the request of the authorities. (Requests received as follow-up activity)**



IV. Outputs: Orange Books

- | | |
|------------------------------------|-------|
| 1. Mexico (English and Spanish) | 2005 |
| 2. Colombia (English and Spanish) | 2005 |
| 3. Brazil (English and Portuguese) | 2005 |
| 4. Country 4 | 2005* |
| 5. Country 5 | 2005* |
| 6. Country 6 | 2006* |
| 7. Country 7 | 2006* |

(*) Estimates

IV. Expected Outcomes (Achievements)



- **Increased awareness in the Region on credit & loan reporting issues, that will create the momentum for the implementation of comprehensive reforms (To be discussed at the country authorities session)**
- **Through the ICC and the Working Group (Issue to be discussed at the ICC meeting)**
 - **Effective diagnostics**
 - **Cost effective access to international experts**
 - **Participation of Regional Organizations**

IV. Expected Outcomes (Achievements)



- **Developing specific country-studies tools based on international best practices (Working Paper 1)**
- **Identification of a set of immediate actions and timetable for each country to improve its credit & loan reporting schemes (Follow-up: under preparation)**
- **Improvement of information on the region's financial infrastructure, through the "Public Reports" (Orange Books)**

IV. Expected Outcomes (Achievements)



- **Strengthening of the Secretariat to give continuity to the regional effort. In particular, strengthening CEMLA's in-house expertise. (Full time person allocated to the project)**
- **Creating a critical mass of local policy and operational experts that, through the Working Group, give continuity to the reform process (On-going)**
- **Informed debate on sub-regional harmonization and eventual integration of the financial sector, especially in the Caribbean and Central America (Need of more assessments to reach this outcome)**

V. Success Factors

- **High Level Mandate (Already obtained through Governors Support)**
- **Involvement of Regional Organizations (Increased Involvement of CEMLA)**
- **Regional and Country ownership (Need to create the Regional Working Group and Increased Participation of Country Authorities)**
- **Cooperation with a broad spectrum of relevant international organizations**

V. Success Factors

- **Effective Role of the ICC**
- **Reform-oriented approach (Importance of follow-up, role of FIRST)**
- **Continuous consultation with regional authorities**
- **Effective and coordinated use of the expertise of the resources available (CEMLA/FIRST Consultants/WB)**