

WESTERN HEMISPHERE CREDIT AND LOAN REPORTING INITIATIVE
CENTRE FOR LATIN AMERICAN MONETARY STUDIES
FIRST INITIATIVE
THE WORLD BANK

CREDIT AND LOAN REPORTING SYSTEMS IN PERU



JANUARY 2006

CREDIT AND LOAN REPORTING SYSTEMS IN PERU

CREDIT AND LOAN REPORTING SYSTEMS IN PERU

WESTERN HEMISPHERE CREDIT AND LOAN REPORTING INITIATIVE
CENTRE FOR LATIN AMERICAN MONETARY STUDIES
FIRST INITIATIVE
THE WORLD BANK

First English edition, 2007

Publicado también en español

© Centro de Estudios Monetarios Latinoamericanos, Banco Mundial y FIRST Initiative, 2007

Durango 54, México, D.F. 06700

All rights reserved

Derechos exclusivos en español reservados conforme a la ley

ISBN 978-968-5696-03-6

Printed and made in Mexico

Impreso y hecho en México

This document is the product of a project funded by the FIRST Initiative (www.firstinitiative.org). The views expressed are not necessarily those of FIRST. This document is protected by copyright and other applicable intellectual property rights owned by or licensed to FIRST Initiative.

Foreword

In August 2004, following a request from the central banks of Latin America and the Caribbean, the World Bank and the *Centro de Estudios Monetarios Latinoamericanos* (CEMLA), with the financial support of the FIRST Initiative, launched the Western Hemisphere Credit and Loan Reporting Initiative (WHCRI). The objective of the Initiative is to describe and assess the credit and loan reporting systems of the Western Hemisphere with a view to identifying possible improvements in their efficiency and integrity.

As part of the project structure, an International Consultative Committee (ICC) comprised of experts in various fields. In addition to CEMLA and the World Bank, the institutions participating in the ICC include multilateral institutions such as the Inter-American Development Bank (IADB), the International Finance Corporation (IFC) and the International Monetary Fund (IMF); central banks such as the Bank of Canada, Banco de España and the Federal Reserve Bank of New York.

To assure quality and effectiveness, the Initiative includes two important components. First, all studies are conducted with the active participation of country officials and the project builds upon the existing work undertaken in the respective country. Second, the Initiative draws upon international and national expertise on the subject, through the ICC, in order to provide guidance, advice and alternatives to current practice.

The Initiative has undertaken a number of activities in response to requests by central banks from Latin America and the Caribbean. These include: the preparation of public reports containing a systematic in-depth description of each country's credit and loan reporting systems; the delivery of a confidential recommendations report to the authorities of each country; the organization of ICC meetings to review country studies and provide input for future work; the organization of workshops focusing on topics of specific interest; the creation of a web page (www.whcri.org) to present the Initiative's products and other information of interest in the field of credit reporting; and the promotion of working groups to ensure continuity in project activities.

CEMLA acts as the Technical Secretariat of the Initiative, with the main objective of making this process sustainable and extending activities to all countries within the Hemisphere. To this end, the Initiative has helped strengthen CEMLA's in-house expertise and broadened knowledge and the transfer of know-how across the Region. The efforts of the Working Groups coordinated by CEMLA shall maintain the structure created under the Initiative and will provide a permanent forum for the countries in the Region to discuss, coordinate and lend a collective impetus to work in the field of bank credit and loan reporting systems.

This report "*Credit and Loan Reporting Systems in Peru*" is one of the public reports in the series and was prepared by an international team in collaboration with local representatives of the Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru.

Kenneth Coates
Director General
CEMLA

Pamela Cox
Vice President, LAC
The World Bank

Cesare Calari
Vice President, Financial Sector
The World Bank

Acknowledgements

This report is based on the findings of a mission that visited Lima in November 2005. The Report was prepared by the members of an international team that included Corina Arteché Serra (CEMLA), Mario Guadamillas (World Bank), Matías Gutiérrez (Consultant), Margaret Miller (World Bank), María Teresa Sainz (Banco de España) and Ramón Santillán (Banco de España).

The International team worked in cooperation with the Local team formed by officials of the Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru. (SBS).

TABLE OF CONTENTS

1 ECONOMIC AND FINANCIAL MARKET BACKGROUND.....	1
1.1 MAIN MARKET REFORMS IN RECENT YEARS	1
1.2 BANKING SECTOR: RECENT REFORMS AND CURRENT STRUCTURE	3
1.2.1 Recent Reforms.....	3
1.2.2 Current Structure	4
1.3 OTHER MAJOR CREDIT-GRANTING INSTITUTIONS OF THE FINANCIAL AND NON-FINANCIAL SECTORS.....	6
1.3.1 Financial Companies	6
1.3.2 Rural Savings and Loans Associations	7
1.3.3 Municipal Savings and Loans Associations	8
1.3.4 Entities for the Development of Small and Micro Enterprise –EDPYME–.....	9
1.3.5 Leasing Companies	10
1.3.6 Guarantee and Performance Security Companies.....	10
1.3.7 Savings and Loans Cooperatives	11
1.3.8 Municipal Popular Credit Bank.....	11
1.4 THE CURRENT CREDIT MARKET	11
1.4.1 Key Issues in Business Finance.....	13
1.4.2 Key issues in Consumer Finance	13
1.4.2.1 Consumer Credit	14
1.4.2.2 Mortgage.....	14
1.5 MAJOR TRENDS IN CREDIT REPORTING.....	14
2 INSTITUTIONAL ASPECTS.....	16
2.1 LEGAL FRAMEWORK	16
2.1.1 Privacy.....	16
2.1.2 Bank Secrecy	17
2.1.3 Consumer Protection/Quality Assurance	17
2.2 THE ROLE OF FINANCIAL INSTITUTIONS.....	18
2.2.1 Credit Reporting Agencies	18
2.2.2 Banking Sector.....	18
2.2.3 Other.....	18
2.3 THE ROLE OF THE AUTHORITIES.....	18
2.3.1 Central Bank.....	18
2.3.2 Ministry of Economics and Finance.....	18
2.3.3 Bank Supervisory Agency.....	19
2.3.4 Consumer Protection Agency.....	20

2.4	THE ROLE OF OTHER PUBLIC AND PRIVATE SECTOR INSTITUTIONS	20
2.4.1	Non-Financial Credit Providers	20
2.4.2	Industry Associations	20
3	PRIVATE CREDIT REGISTRIES.....	21
3.1	INFOCORP – EQUIFAX	21
3.1.1	Control/Governance	21
3.1.2	Sources of Information	21
3.1.3	Users	21
3.1.4	Services Provided	22
3.1.5	Pricing Policies	23
3.1.6	Procedures and Policies to Ensure Quality of Information	23
3.1.7	Rights of Individuals/Firms to Access and Dispute Information	23
3.1.8	Information Sharing Policies	23
3.2	CERTICOM	24
3.2.1	Control/Governance	24
3.2.2	Sources of Information	24
3.2.3	Users	24
3.2.4	Services Provided	24
3.2.5	Procedures and Policies to Ensure Quality of Information	25
3.2.6	Procedures and Policies to Manage Risks	26
3.2.7	Rights of individuals/Firms to Access and Dispute Information	26
3.2.8	Information Sharing Policies	26
3.3	INFORMA.....	26
3.3.1	Control/Governance	26
3.3.2	Sources of Information	26
3.3.3	Users	27
3.3.4	Services Provided	27
3.3.5	Pricing Policies	27
3.3.6	Rights of Individuals/Firms to Access and Dispute Information	27
3.3.7	Information Sharing Policies	27
4	PUBLIC CREDIT REGISTRIES	28
4.1	MAIN OBJECTIVES OF REGISTRY	28
4.2	SOURCES OF INFORMATION.....	29
4.3	USERS	30
4.4	SERVICES PROVIDED	30
4.5	PRICING POLICIES	30

4.6	PROCEDURES AND POLICIES TO ENSURE QUALITY OF INFORMATION	30
4.7	RIGHTS OF INDIVIDUALS/FIRMS TO ACCESS AND DISPUTE INFORMATION.....	32
4.8	INFORMATION SHARING POLICIES	32
5	INTERACTION WITH OTHER COMPONENTS OF THE FINANCIAL INFRASTRUCTURE	33
5.1	PAYMENTS SYSTEMS AND INSTRUMENTS.....	33
5.2	REGISTRIES	33
5.2.1	National Public Registry System.....	33
5.2.2	Civil Registry	34
5.2.3	Court Registries.....	34
5.2.4	Positive Information Center.....	34
	APPENDIX: STATISTICAL TABLES	36
	LIST OF ABBREVIATIONS	46

TEXT TABLES

TABLE 1: MACROECONOMIC INDICATORS.....	2
TABLE 2: TOTAL ASSETS OF THE FINANCIAL SYSTEM IN PERU	4
TABLE 3: THE FIVE MAJOR MULTIPLE BANKS IN PERU AND THEIR LOAN PORTFOLIO	5
TABLE 4: FINANCIAL COMPANIES IN PERU AND THEIR LOAN PORTFOLIO.....	6
TABLE 5: THE FIVE MAJOR RURAL SAVINGS AND LOANS ASSOCIATIONS IN PERU AND THEIR LOAN PORTFOLIO.....	7
TABLE 6: THE FIVE MAJOR MUNICIPAL SAVINGS AND LOAN ASSOCIATIONS IN PERU AND THEIR LOAN PORTFOLIO.....	8
TABLE 7: THE FIVE MAJOR EDPYME IN PERU AND THEIR LOAN PORTFOLIO.....	9
TABLE 8: LEASING COMPANIES IN PERU AND THEIR LOAN PORTFOLIO.....	10

TEXT FIGURES

FIGURE 1: DISTRIBUTION OF MULTIPLE BANKS' LOAN PORTFOLIO IN PERU.....	5
FIGURE 2: DISTRIBUTION OF FINANCIAL COMPANIES' LOAN PORTFOLIO IN PERU	7
FIGURE 3: DISTRIBUTION OF RURAL SAVINGS AND LOANS ASSOCIATIONS' LOAN PORTFOLIO IN PERU	8
FIGURE 4: DISTRIBUTION OF MUNICIPAL SAVINGS AND LOANS ASSOCIATIONS' LOAN PORTFOLIO IN PERU	9
FIGURE 5: DISTRIBUTION OF EDPYME' LOAN PORTFOLIO IN PERU	10

FIGURE 6: EVOLUTION OF MULTIPLE BANKS' LOAN PORTFOLIO IN PERU..... 11

FIGURE 7: STRUCTURE OF LOANS AND CONTINGENCIES ACCORDING TO RISK CATEGORY
AT MULTIPLE BANKS IN PERU 12

FIGURE 8: EVOLUTION OF LOAN QUALITY AND COVERAGE RATIO AT MULTIPLE BANKS IN PERU 12

FIGURE 9: EVOLUTION OF LOANS BY TYPE AT MULTIPLE BANKS IN PERU..... 13

1 ECONOMIC AND FINANCIAL MARKET BACKGROUND

1.1 MAIN MARKET REFORMS IN RECENT YEARS

Following five years of adjustment, in 2005 the financial system has strengthened after the international payments crisis triggered by the restriction of credit in Mexico, Russia and the Asian countries. The number of banking institutions in 2005 had fallen to 12 from a total of 25 in 1997, but the largest reduction occurred between 1998 and 2001 with the exit of 10 entities, while there were 14 at the end of 2004.

One of the credit sectors hit hardest by the financial crisis of 1998 was micro-enterprise finance. Total bank credit to small and micro enterprise fell by about 16 per cent in 2000, around 20 per cent in 2001 and approximately 7 per cent in 2002, these reductions all being considerably larger than those for total system lending. As from 2003 this trend was reversed as bank credit to small and micro enterprise registered 19 per cent growth in that year, 49 per cent in 2004 and 41 per cent (estimated) in 2005. However, in this market segment banks compete directly with other regulated credit institutions (such as municipal and rural savings associations and entities for the development of small and micro enterprise (*Empresas de desarrollo de la pequeña y microempresa* - EDPYMES), which maintained steady growth despite the economic recession. Furthermore, there is also a semi-regulated supply of credit (Non Governmental Organizations -NGOs, savings and loans cooperatives, commercial vendors and state entities) and informal sources of credit, which altogether account for about 50 per cent of total credit to micro enterprise.

Profitability has continued to recover and is now close to its levels of 1997. At the same time there has been a slight fall in the level of non performing loans, which are now below their end-1998 levels when the financial crisis was just beginning. The coverage ratios for bad loans and system liquidity remain quite adequate.

Since about three years ago, the Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS), has been issuing a series of regulations aimed at making pension funds investments more flexible; for example, the most important are those that allow for investment in infrastructure and green-field projects. Additionally, the possibility of investing in venture capital funds and securitizations, in order to incorporate important segments of small and medium business to the private pension system, and also allow for the financing of large infrastructure projects planned in coming years via the infrastructure regulation, has been granted.

The main change that took place in financial system regulations during 2003 was the promulgation of the new norm for Debtor Evaluation & Classification and Provisioning Requirements, resolution SBS N° 808-2003. This regulation improves debtor evaluation criteria in the financial system and indirectly introduces adaptation to internal methodologies, as well as establishing prudential criteria for classification; it also modernizes provisioning policy by unifying current legislation and updating it according to international practices, in order to facilitate the reduction of operating costs for financial institutions.

Another important change was the implementation of a new Treasury strategy for the placement of public debt in the domestic market. The banks have a predominant role in this new strategy, participating both as market makers and intermediaries. Thus a new source of business has been created for banks, providing income from the margins of intermediation in public sector debt.

The regulation for negotiable mortgage bonds was approved in the middle of 2003, allowing institutions in the national financial system to issue these instruments subject to prior authorization by the SBS. This will be only possible if the mortgaged collateral backing the loan is, or will be, entered in the Public Registry. It is important to add that all certificates representing mortgaged assets must be based on a valuation of the latter.

The modifications to the accounting manual for financial system participants were published towards the end of 2003, bringing it in line with the new guidelines set out in Resolution SBS N° 808-2003. There were subsequent modifications to the manual in 2004 and 2005, for the purpose of adjusting local accounting practices to international standards.

Table 1: Macroeconomic Indicators^(a)

	2000	2001	2002	2003	2004	2005
GDP at current prices (in USD billions)	52.7	54.8	56.6	60.9	71.4	92.0
Real GDP annual growth rate (%)	2.9	0.2	4.9	4.0	4.8	6.7
Capital gross creation (as % of GDP)	20.3	18.7	17.7	17.8	18.0	16.0
Average unemployment rate ^(b)	8.2	9.2	9.4	9.4	9.4	9.6
Fob imports (as % of GDP)	14.0	13.2	13.1	13.5	13.8	16.4
Fob exports (as % of GDP)	13.2	12.8	13.6	14.9	17.7	23.3
Current Account of the Balance of Payments (as % of GDP)	-2.9	-2.1	-1.9	-1.5	0.0	1.4
Inflation (annual growth rate of the Consumer Price Index)	3.7	-0.1	1.5	2.5	3.5	1.5
Interest rate on Government public debt (as of December) ^(c)	4.2	4.2	3.9	4.3	4.5	4.3
Interest rate on savings deposits in local currency	7.5	3.0	1.7	1.3	1.3	1.2
Memo: Exchange Rate vs. USD (as of December)	3.5	3.4	3.5	3.5	3.3	3.3

Source: Central Bank of Perú.

^(a) The following notation conventions are employed throughout this report: "n.a." means that data is not available; "..." represents data that is not applicable; "neg" (negligible) is indicated when the amounts are too small in relation to other relevant amounts in the corresponding table.

^(b) Unemployment for 2000 is estimated; for 2001 it is the average for March-December.

^(c) This is an implicit rate for public external debt.

1.2 BANKING SECTOR: RECENT REFORMS AND CURRENT STRUCTURE

1.2.1 Recent Reforms

During the middle of the 90s commercial banking migrated from a framework of specialized to universal banking. The provision of new banking legislation via the enactment of Law N° 26702 known as the General Law for the Banking and Insurance Systems and Charter Law for the Bank and Insurance Supervisor in December 1996 signaled an important change in the structure and supervision of the financial system (*Ley General del Sistema Bancario y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros*). The main objectives of this General Law were to allow the system to adopt new intermediation mechanisms and to promote competitiveness with the aim of reducing the cost of money, as well to introduce consolidated supervision, strengthen and consolidate the supervisory function of the SBS.

This incipient modernization of the financial sector, together with the privatization process as part of overall economic policy, allowed for the entry of foreign banks. This contributed to the development of new technologies and gave rise to opportunities for the implementation of more efficient risk management procedures.

In the middle of 1998, the Peruvian financial system faced a difficult situation as the consequence of the international financial crisis resulted in liquidity problems due to the reversion of credit lines from abroad.

In order to confront the crisis, the SBS adopted a strategy aimed at ordering and optimizing the mechanisms for bank resolution. The strategy included managing the market exit process by identifying and transferring to the rest of the system valuable assets of distressed banks, and empowering the Deposit Guarantee Fund (*Fondo de Seguro de Depósitos*) to inject capital and temporarily take control of banks under intervention.

Additionally, the Government put in place a program to strengthen balance sheets via a temporary swap of loan portfolio for negotiable Treasury bonds for five years, which was complemented by a further plan. These packages involved 19 institutions and amounted in total to almost USD 450 million.¹

These measures favored the process of consolidation within the financial system, giving rise to various mergers and acquisitions among firms. In this structure also the incorporation of private pension fund supervision under the bank and insurance supervisor was produced, thus broadening the SBS mandate to cover three systems.

There was sustained progress in the regulatory and supervisory areas via the adoption of specialized supervision by types of risk, which required the development of new prudential norms relating to the supervision of liquidity, market and operational risk.

¹ Throughout this report the symbol S/. represents new soles, while the symbol USD stands for United States dollars.

At the outset of 2001 both internal and external factors affected the recovery of the demand sectors. Internally, the presidential elections generated a climate of uncertainty, and externally the weakening of economic activity in the United States had a negative impact on foreign trade and capital inflows. Nevertheless, international developments also had a positive side, since they contributed to a decline in interest rates. Domestic foreign currency deposit and loan rates fell considerably, which together with a significant decline in devaluation and inflation expectations resulted in a parallel reduction in local currency interest rates.

The new regulation for debtor evaluation & classification and provisioning requirements approved in 2003 (*Reglamento de Evaluación y Clasificación del Deudor y la Exigencia de Provisiones*) was an important milestone in the review of the modernization of supervisory norms, by providing the signal for supervised institutions to begin preparing their internal methodologies for more precise identification and measurement of credit risk.

1.2.2 Current Structure

By December 31st 2005, the banking system accounted for 90 per cent of total assets of the financial system, as shown in the following table:

Table 2: Total Assets of the Financial System in Peru

	<i>Millions of new soles</i>	<i>USD millions</i>	<i>Market share (%)</i>
Multiple Banks	78,187	26,818	90.4
Municipal S&C Assns.	3,791	1,300	4.4
Leasing Companies	1,613	553	1.9
Financial Firms	1,491	511	1.7
Rural S&C Assns.	716	245	0.8
EDPYMES	648	222	0.7
FOGAPI	27	9	0.0
	86,473	29,658	100.0

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Exchange rate: 3.430. EDPYMES: Entities for the development of small and micro enterprise.

The total branch network of multiple banks in the national territory amounted to 875 branches with 23,668 employees.

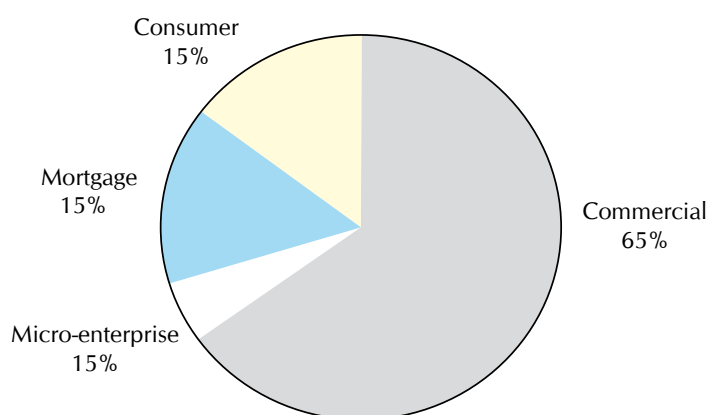
In December 2005, the banking system comprised 12 multiple banking institutions. The Peruvian banking sector accounted for 84 per cent of total system loans and 52 per cent of customers in the financial system.

Table 3: The Five Major Multiple Banks in Peru and their Loan Portfolio
(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Crédito del Perú	13,424	32.0
Continental	9,607	22.9
Wiese Sudameris	6,235	14.8
Interbank	4,154	9.9
Citibank	1,690	4.0
Others	6,777	16.1
5 Major Bank Total	35,110	83.8
Total	41,887	100.0

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 1: Distribution of Multiple Banks' Loan Portfolio in Peru
(December 2005)



Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Direct loans in dollar terms maintained their growth trend and reached 12,734 billion in December 2005. Local currency loans increased by S/. 940 million, while credit in foreign currency slipped slightly during the last month of the year, leading to an asset dollarization ratio for multiple banks of 72 per cent, 2 percentage points below the previous month.

Total deposits reached USD 16.245 billions by year's end, USD 445 million higher than their November level, with increases in three kinds of deposits (USD 122 million in checking accounts, USD 187 million in savings accounts and USD 135 million in time deposits). This growth was fueled by a USD 522 million increase in foreign currency deposits, of which USD 357 million corresponded to time deposits, while local currency deposits fell by S/.156 million due to an S/.705 million decline in time deposits. Thus total liability dollarization increased to a ratio of 67 per cent in December, 1 percentage points above the previous month's level.

Non performing loans at multiple banks reached a level of 2 per cent at the end of 2005, 0.3 percentage points lower than the November ratio due to a contraction of arrears in all market segments, but mainly to lower arrears on commercial loans which declined from 2.3 per cent to 1.9 per cent. The high-risk category in the loan portfolio exhibited a similar trend and fell by 0.74 percentage points, registering a ratio of 6 per cent at the end of December.

The value of the asset portfolio of multiple banks registered an increase of 24 per cent in 2005, following the growth in 2004 (4 per cent). The highest growth category was in short term liquid and inter-bank assets, followed by loans (23 per cent) and investments (17 per cent).

With respect to the loan portfolio, the highest growth category during 2005 was credit to micro enterprise, although the 43 per cent pace of growth declined in comparison to that of 2004 (54 per cent). For their part consumption loans grew by 30 per cent in 2005 after an 18 per cent rise in 2004, followed by mortgage lending (27 per cent in 2005 and 13 per cent in 2004) and commercial loans (19 per cent in 2005 and -3 per cent in 2004).

Disaggregating the portfolio by loan type shows that the sustained return on the entire portfolio is explained by the performance of the return on commercial loans (although only in a few banks). After a period of increasing returns during 2002-2003, the consumption, micro enterprise and mortgage loan portfolios exhibit declining returns since 2004, which may be due to the strong competition in these markets.

1.3 OTHER MAJOR CREDIT-GRANTING INSTITUTIONS OF THE FINANCIAL AND NON-FINANCIAL SECTORS

1.3.1 Financial Companies

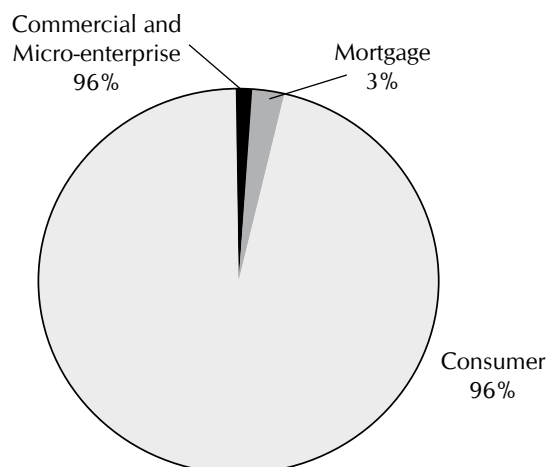
These are firms which take deposits from the public, especially small and medium savers, and specialize in consumer lending both in loan modality and through credit cards. In actual practice there are only two financial firms, whose joint share of the bank-issued credit card market is almost 80 per cent. At end of 2005 they had S/. 900 million outstanding on almost 1.5 million credit cards, while the banks (12 entities) had placed S/. 2.5 million on 2.2 million cards.

Table 4: Financial Companies in Peru and their Loan Portfolio
(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Financiera Cordillera	521	42.5
CMR	701	57.1
Volvo Finance Peru	5	0.4
Total	1,025	100.0

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 2: Distribution of Financial Companies' Loan Portfolio in Peru
(December 2005)



Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

The share of credit card lending in total loans is 97.3 per cent for CMR and 96.3 per cent for Cordillera.

1.3.2 Rural Savings and Loans Associations

These are private entities belonging to shareholders in the locality, which take deposits from the public and provide financing mainly to medium, small and micro enterprises in rural areas. They specialize in loans for agricultural and agro-industrial activities (about 60 per cent of their portfolio) and for commerce, and in lending to micro enterprise.

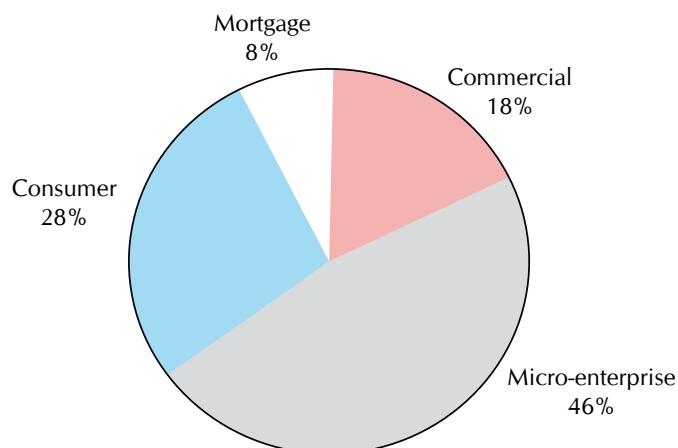
Table 5: The Five Major Rural Savings and Loans Associations in Peru and their Loan Portfolio

(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Nor Perú	103	19.2
Señor de Luren	95	17.8
San Martín	85	15.9
Cajasur	72	13.4
Credinka	43	8.0
Others	135	25.2
5 major RS&C Associations	401	75.0
Total	536	100.0

Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 3: Distribution of Rural Savings and Loans Associations' Loan Portfolio in Peru
(December 2005)



Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

1.3.3 Municipal Savings and Loans Associations

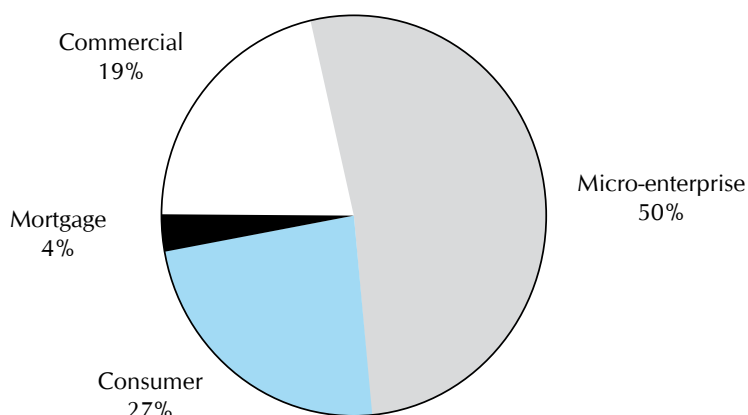
These entities belong to the municipal governments of the main departments in the country, although there is a requirement for representation of small businesses on the Board. They take deposits from the public and specialize in financing operations, preferably to small and micro enterprise in their regional sphere of influence. In the last two years, three Municipal S&C Associations expanded their presence in Lima.

Table 6: The Five Major Municipal Savings and Loans Associations in Peru and their Loan Portfolio
(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Piura	480	17.0
Arequipa	465	16.4
Trujillo	458	16.1
Sullana	262	9.2
Cusco	247	8.7
Other	926	32.6
5 major MS&C Associations	1,912	67.4
Total	2,838	100.0

Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 4: Distribution of Municipal Savings and Loans Associations' Loan Portfolio in Peru
(December 2005)



Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

1.3.4 Entities for the Development of Small and Micro Enterprise – EDPYME –

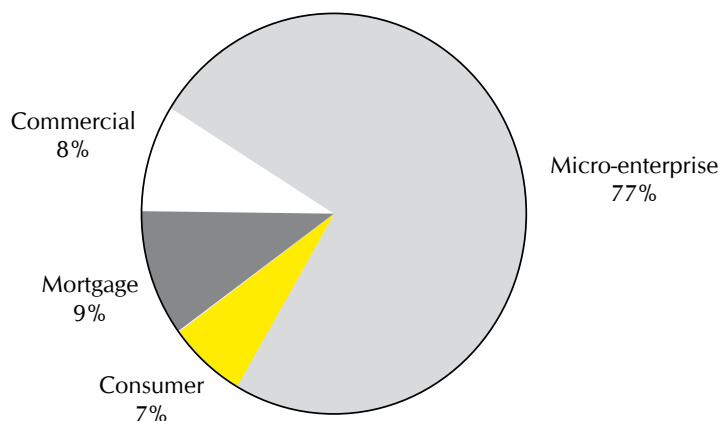
These are private entities created with donations from international cooperation funds, and are not authorized to accept deposits from the public. Their specialty is the granting of finance, preferably to small and micro business entrepreneurs. Compared to similar entities such as rural associations and cooperatives, these are the most dynamic in consumer and micro enterprise lending, since their annualized 2005 growth rates in loans were 61 per cent for soles and 13 per cent for dollars.

Table 7: The Five Major EDPYME in Peru and their Loan Portfolio
(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Edyficar	188	35.0
Raíz	78	14.5
Confianza	76	14.1
Crear Arequipa	57	10.6
Proempresa	40	7.4
Other	98	18.2
Total 5 major EDPYME	438	81.7
Total	536	100.0

Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 5: Distribution of EDPYME 's Loan Portfolio in Peru
(December 2005)



Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

1.3.5 Leasing Companies

These entities are for the most part owned by banks, although five privately owned non-bank companies are also in operation. They specialize in the purchase of real estate and chattels, which are then given for use to legal or natural persons in exchange for a periodic rental payment, together with the option of acquiring said assets at a predetermined price.

Table 8: Leasing Companies in Peru and their Loan Portfolio
(December 2005, in S/. millions)

Name	Total portfolio	Market share (%)
Creadileasing	846	51.8
América Leasing	354	21.7
Wiese Leasing	321	19.6
Citileasing	72	4.4
Mitsui Masa Leasing	21	1.3
Leasing Total	17	1.0
Total	1,631	100.0

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

1.3.6 Guarantee and Performance Security Companies

Their activity consists of providing strength to guarantee natural or legal persons before other entities in the financial system or foreign firms, regarding foreign trade connected transactions. Their balance sheet assets in Peru total S/. 28 million, while their transaction accounts show S/. 524 million represented by portfolio guarantees, back-up funds and lines of credit, of which 68 per cent is in foreign currency.

1.3.7 Savings and Loans Cooperatives

These are authorized to accept deposits and, inter alia, grant direct loans with or without collateral. They are the only financial entities in the system not subject to oversight by the supervisory agency. At the end of 2005, their loan portfolio in soles amounted to S/.598 MM, with a 17 per cent annual growth rate, while dollar loans totaled USD 166 MM with an annual growth rate of 8 per cent. Thus, cooperatives are providing more credit than similar entities that also lend to the consumer and micro enterprise markets.

1.3.8 Municipal Popular Credit Bank (*Caja Municipal de Crédito Popular*)

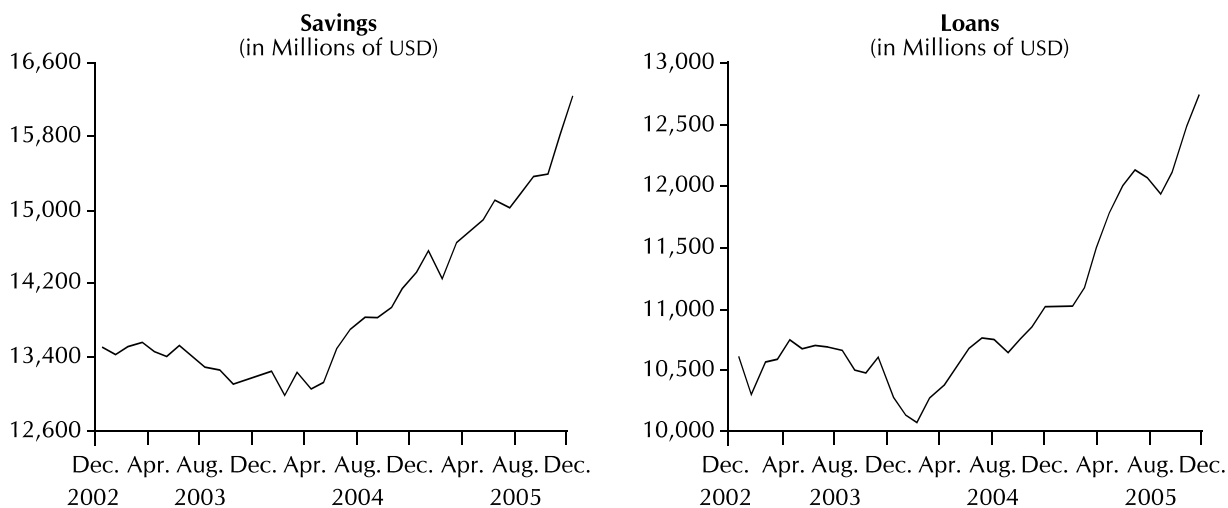
This is a firm that operates similarly to a Municipal Bank belonging to the Lima Municipal Government, but started off by making pawn-broking loans to the general public. It has since diversified into lending and deposit transactions with the respective Provincial and district councils and municipal companies depending on the former, as well as providing these councils with banking services. It has also begun placing micro enterprise type loans in the city of Lima.

1.4 THE CURRENT CREDIT MARKET

The loan portfolio maintained a growing trend during 2005. By the end of 2005, direct loans by multiple banks totaled USD 12,734 million and registered their highest level in four years, increasing 16 per cent with respect to the previous year.

This growth trend became more pronounced during the year as multiple banks' credit ended with a balance of USD 12,212 million, due to an increase of USD 233 million with respect to the level registered in November. It should be pointed out that the share of foreign currency loans, which have traditionally been a high proportion of total direct lending, fell from 76 per cent in December of 2004 to 72 per cent in the month of December 2005.

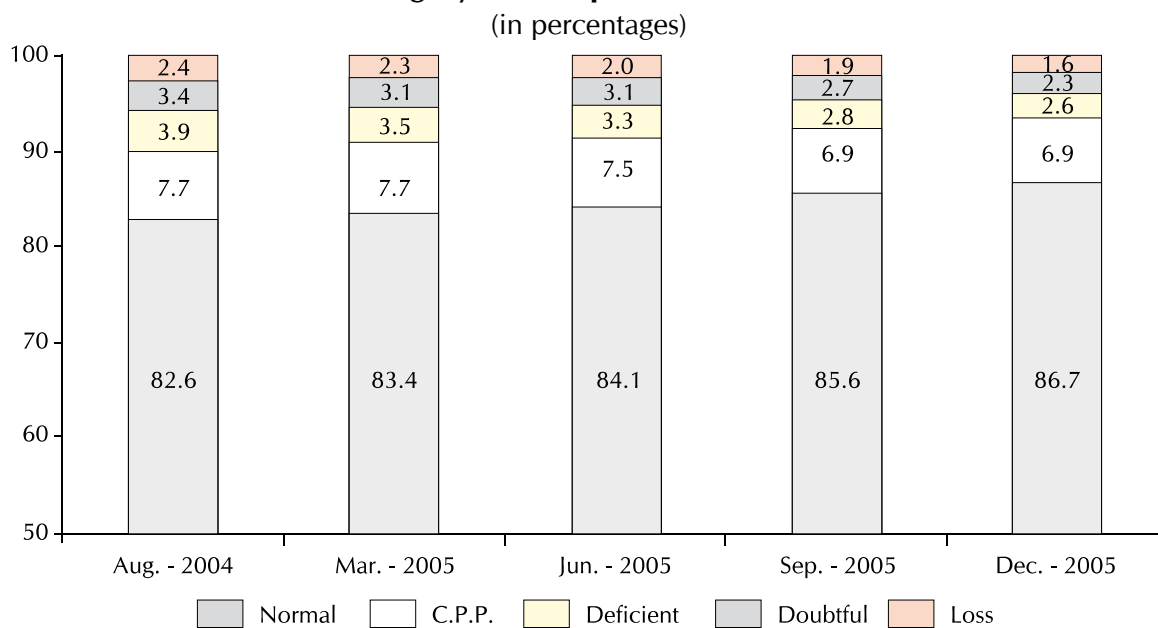
Figure 6: Evolution of Multiple Banks' Loan Portfolio in Peru
(in USD millions)



Source: Superintendencia of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

Figure 7 shows the classification of the loan portfolio in terms of credit risk.

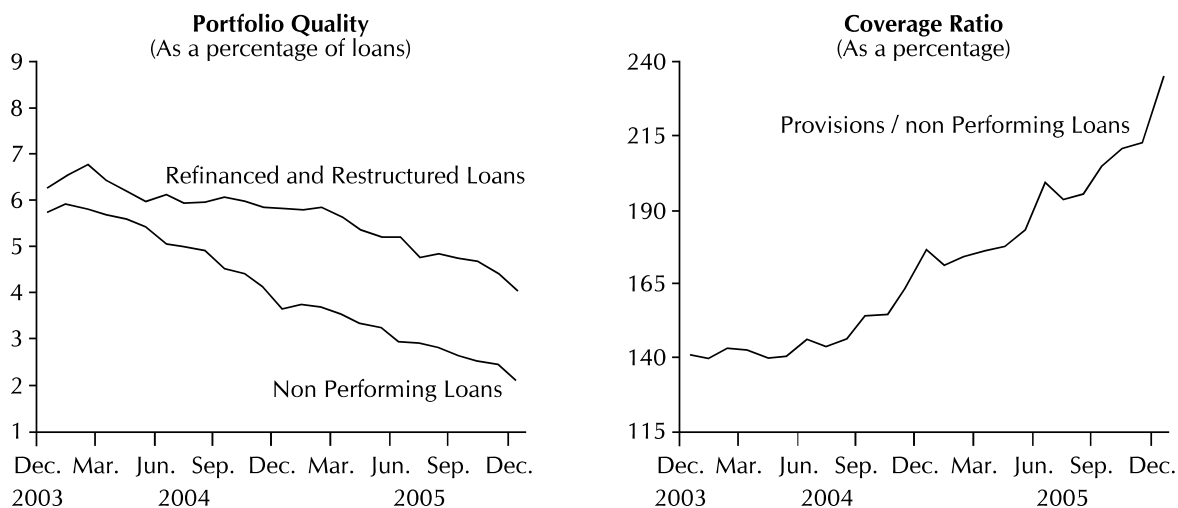
Figure 7: Structure of Loans and Contingencies according to Risk Category at Multiple Banks in Peru



Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru. (SBS).

On a separate note, the quality of the loan portfolio as measured by the level of non performing loans (non performing loans/direct loans) has shown a constant tendency to decrease since the year 2003, with an average level of 3 per cent, while the coverage ratio (provisions/non performing loans) has been growing and far exceeds 100 per cent of loans in arrears.

Figure 8: Evolution of Loan Quality and Coverage Ratio at Multiple Banks in Peru

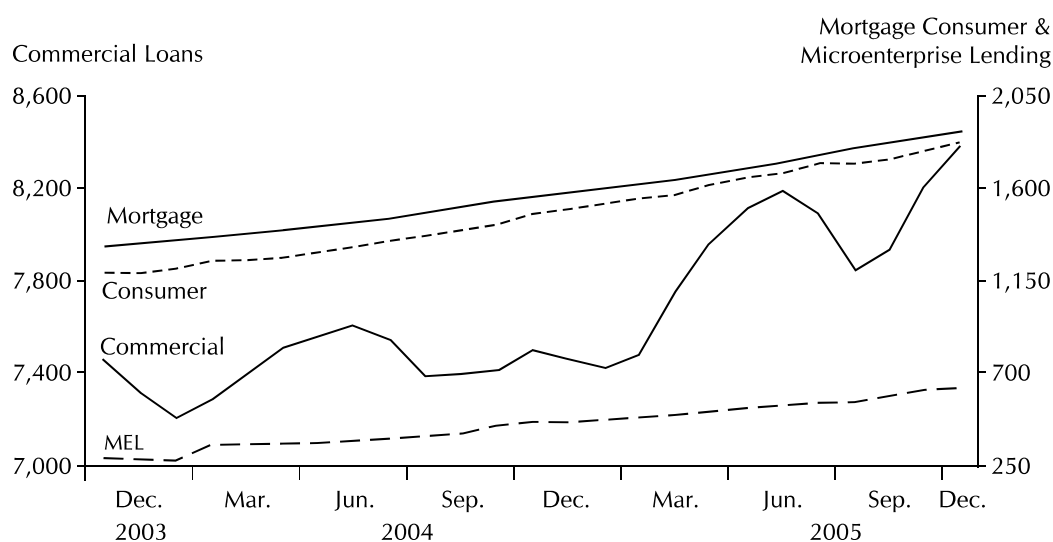


Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru. (SBS).

1.4.1 Key Issues in Business Finance

Commercial credit represented 69 per cent of total lending although its trend has been falling in recent months. Despite increasing from USD 7,500 million to USD 8,383 million from December 2004 to December 2005, as a result of the substitution of bank funding by the corporate issue of securities in capital markets it continues on a downward trend.

Figure 9: Evolution of Loans by Type at Multiple Banks in Peru
(in USD millions)



Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

A growing modality of business lending during the last four years are loans to micro enterprises aimed at catering to those business segments with little access to multiple bank lending. The Municipal Banks lead the market as the result of evaluation and client follow-up technologies provided through German cooperation. These loans typically do not exceed a USD 30,000 balance per borrower, and are channeled to small and micro enterprise in and outside of Lima.

1.4.2 Key Issues in Consumer Finance

A growing trend in personal lending (consumer and mortgage) can be observed, each of which represent in approximately equal parts 27 per cent of the total loan portfolio. In addition to the stable macroeconomic numbers and the impact on consumer income stemming from the increase in agro-industrial, mining and construction activities, this can be attributed to a greater diversification in banking transactions and greater access to information.

1.4.2.1 Consumer Credit

The dynamic performance of consumer lending, which has been exhibiting annual growth rates close to 24 per cent, may be explained by the greater stability in macroeconomic indicators as well as by a recovery in the level of internal demand. Additionally, the greater level of personal liquidity has been supported by the large volume of international remittances received by many Peruvian families.

As a complement, both the banking system and commercial establishments are increasing their number of card-holders in order to supply the liquidity needed for higher consumption.

Nevertheless, even though consumer loan arrears have fallen with respect to last year's levels and are currently at an average of 3.4 per cent, a higher level of personal indebtedness can be perceived – both in the amount owed and the number of institutions owed to – which, on average, is higher than during the previous year.

1.4.2.2 Mortgage

The mortgage loan segment has benefited during the last two years from a Government program for facilitating the purchase of housing with subsidized funding channeled through intermediaries, especially multiple banks through a program known as Mivivienda. Furthermore, these mechanisms have stimulated the construction industry, which in turn has lent additional impulse to the growth in mortgage lending.

This backdrop has allowed mortgage lending to exhibit substantial growth rates in the area of 29 per cent per annum and 18 per cent during the first semester of 2005, reaching a total of USD 1,780 million and accelerating its share in the structure of multiple bank portfolios.

Traditional mortgage lending – outside the Mivivienda program – is growing by USD 200 million per annum, which is forcing banks to seek competitive financing in order to attract funds to on-lend to their customers. Some of the larger banks are thus issuing debt instruments abroad under optimal conditions in order to obtain major funding for these loans.

1.5 MAJOR TRENDS IN CREDIT REPORTING

The availability of information through credit reports in Peru has traditionally existed by means of informational exchange between banks, but only of negative information. Subsequently in the 90's SBS became the first information depository by putting together a reduced data structure with debtor reports starting from a balance of S/. 13,000 liabilities. Later on, following the modifications to the Accounting Manual, SBS began building a data base with accounting information gathered through an Annex to the Framework of Accounts that allowed for validation of the information, for purposes of supervising risk and credit concentration. In this initiative the reporting threshold for all transactions was lowered to S/. 1.

The first private credit reporting firms began operating around the same time. The oldest is INFOCORP with 10 years of operation. With the support of EQUIFAX, it began specializing in gathering data on consumer loan and credit card borrowers, but currently also registers debtors to corporations. It has also established access channels to different data bases such as those of the Chambers of Commerce and utilities.

The second private firm is CERTICOM, which also registers the borrowing liabilities of natural and legal persons with information from different data bases.

More recently in 2003 the Spanish firm "Informa de España" opened an office, thus incorporating "INFORMA S. A. del Perú" as a registry of liabilities of a mainly corporate nature.

2 INSTITUTIONAL ASPECTS

2.1 LEGAL FRAMEWORK

The legal bases for the public information registry are found in the General Law of Financial and Insurance Systems (*Ley General del Sistema Financiero y de Seguros*), Law N° 26702, articles 158 to 160. Article 158 provides the basis for the creation of a Public Credit Registry in the SBS and the type of information it should collect. It also indicates that the SBS can make the information available to interested parties and provides it with the authority to charge for it. Article 159 indicates that supervised financial institutions are obliged to periodically provide information to the public registry and that debtors, through financial institutions, must also report to the public registry. Article 160 recognizes the existence of private information registries and establishes that public registry information may be submitted to private registries.

The Law regulating private risk information registries and providing protection to the owners of information was originally promulgated in June 2001 (Law N° 27489) and amended in October 2002, Law N° 27863, (*Ley que regula las centrales privadas de información de riesgos y de protección del titular de la información*). Together, these laws establish the legal framework for the private credit reporting registries in Peru. Law N° 27489 establishes that credit reporting firms may collect information from private institutions, such as banks and other credit providers, from public data sources or directly from consumers. This law also indicates that managers and board members of these registries cannot have criminal backgrounds or negative payment history.

2.1.1 Privacy

The legal framework also provides guidelines regarding rules of access to information. Neither private credit bureaus nor credit providers are required to obtain debtor authorization in order to gain access to information regarding their situation (Law N° 27863, article 7). There are no restrictions on access to the data at reporting firms other than a minimal guide indicating that the private bureaus are free to charge for this service (Law N° 27489, article 11). Consequently, credit information on both individual consumers and firms is widely available in Peru. Data subjects are guaranteed access to their own information (Law N° 27863, article 13) and can request to view the information on a computer screen for free, or can request a printed copy for a minimal fee, (Law N° 27489, article 14).

The length of time for which negative data can be maintained is established in article 10, and is currently either 2 or 5 years, depending upon whether the debt was cancelled or payment is still pending. Law N° 27489 originally established 5 years for obsolescence of all types of debt but was amended by Law N° 27863. The new law recognizes three types of situations where negative information should be removed: (i) when the debt (commercial, tax, civil) has been paid, (ii) when two years have elapsed since the penalty has been paid or the matter otherwise satisfactorily resolved, (iii) two years after being declared in state of insolvency (bankruptcy).

2.1.2 Bank Secrecy

Bank secrecy is regulated by the general law for the banking and insurance systems and charter law for the bank and insurance supervisor in Articles 140 to 143. It refers to the prohibition of financial system firms, as well as their directors and employees, to give out any information on their customer deposit transactions, unless a written authorization is issued by the client or the situation conforms to certain assumptions in those articles.

2.1.3 Consumer Protection / Quality Assurance

The existing legal framework does not specify any aspects related to consumer protection in the case of public registries. The SBS has a customer relations office where matters related to the public registry are handled.

The Law regulating private risk information registries and providing protection to the owners of information (Law N° 27489 and Law N° 27863) is aimed at regulating the supply of risk information in the market guaranteeing the respect of the data subject's rights as recognized in the Political Constitution of Peru.

The Law provides the legal framework for conflict resolution in cases of erroneously reported information or eventual misuse of credit reports. The private credit registries may be indicted if they deliver incorrect or outdated information (Article 18). The law also specifies the private registries' right to take legal action against providers of erroneous data.

The law also provides out-of-court mechanisms to be used by consumers (article 15) and specifies the procedures for consumer complaints to be put in place by the National Institute for the Defense of Competition and Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual – INDECOPI*). (Law N° 27863, article 12).

The owners of information have the right, once a year or whenever the information contained in the data base has been rectified, to their own credit information registered by the Private Risk Information Registries (*Centrales Privadas de Información de Riesgos -CEPIRS*).

This information can be obtained free of charge, by data screen visualization or through the payment of fee that does not exceed the costs required to issue the corresponding document in written form as legible copy or photocopy, not requiring the use of codes or passwords that necessitate mechanical devices for adequate comprehension.

Should the data subject consider the information to be illegal, inexact, mistaken or outdated, he/she has the right to request the information be revised at the expense of the CEPIRS, and should it be the case, to proceed to its modification or cancellation.

The law establishes the procedures for the revision request and also fixes specific timeframes for the different phases of the revision.

2.2 ROLE OF FINANCIAL INSTITUTIONS

2.2.1 Credit Reporting Agencies

There are three credit reporting agencies currently operating in Peru, and in addition to credit information they provide additional services for their clients. Two of them, INFOCORP and CERTICOM offer products and services that complement banking information, such as verification of the information supplied by the Public Credit Registry managed by the Superintendence in matters of debtor identification, address, employment information, guarantees and credit scoring. They also provide information from non-financial lenders, NGOs and real estate agencies. The third agency, INFORMA, began operating last year and concentrates on the corporate segment of the economy, producing financial reports which include financial statements, ratings and credit evaluation.

2.2.2 Banking Sector

Banking institutions are the main sources of data and the principal users of credit reports. All banks report their client information to the SBS Public Credit Registry (SBS-CR) according to the established guidelines.

They are also the clients of private credit reporting firms, from whom they request additional products to the data supplied by the supervisor.

Furthermore, the large banks have specialized departments where they compile information corresponding to the Bank Supervisor, as well as from legal, real estate and other registries.

2.2.3 Other

Department stores and large corporations have agreements with some private credit bureaus for the reporting and regular consultation of their current or potential clients' credit operations.

2.3 ROLE OF AUTHORITIES

2.3.1 Central Bank

Currently, the Central Bank of Peru has no direct participation in the administration or operations of the credit reporting system. The information supplied by the SBS is used for the central bank's analysis of financial system stability and lending activity by economic sector.

2.3.2 Ministry of Economics and Finance

The objectives of the Ministry of Economics and Finance are to optimize the state's economic and financial activity, establish macroeconomic activity and achieve sustained growth of the country's economy. It has no direct relationship with the management of information registries nor with the design of their regulatory regime, which is the responsibility of the SBS.

2.3.3 Bank Supervisory Agency

The SBS is the organization in charged of the regulation and supervision of the Financial and Insurance Systems and as of July 25th 2000, the Private Pension System as well.

The SBS is a constitutionally autonomous institution, its main objective being to safeguard the public's interests in the financial and insurance systems.

The Supervisory Agency exercises within its corresponding area of competencies the exclusive control and supervision of all firms comprising the financial and insurance systems, as well as all other natural or legal persons incorporated under this law or by special laws.

Among its main functions are the following:

1. To authorize the organization and functioning of firms wishing to perform any of the operations indicated in the present law.
2. To ensure compliance with laws, regulations, statutes and all other rules that govern the financial and insurance systems, employing to this purpose the broadest and most absolute control over all operations, transactions and in general, any legal act performed by participating entities.
3. To exercise the integral supervision of all entities in the Financial and Insurance Systems, those incorporated under its supervision by special laws as well as those undertaking complementary operations.
4. To conduct oversight of individuals or firms placing funds in the country.
5. To issue the necessary regulations for the transacting of financial and insurance operations, as well as for complementary services provided by entities and their supervision and to enable the application of the present law.
6. To promulgate the necessary norms ensuring that financial system entities adequately comply with agreements subscribed by the Republic aimed at preventing money laundering.
7. To establish the existence of financial or mixed conglomerates and implement their consolidated supervision in keeping with article 138.
8. To require the individualization of risks for each entity in a separate manner.

The SBS manages an integrated registry system for financial, credit, commercial and insurance risks, which contain detailed information on debtors to financial entities.

2.3.4 Consumer Protection Agency

The Law regulating private risk information registries and providing protection to the owners of information (Law N° 27489) indicates in its article 21 that the National Institute for the Defense of Competition and Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual – INDECOPI*) is the competent agency for dealing with infractions to this law and has the authority to impose administrative sanctions and suitable corrective measures. However, it does not have the power to supervise private registries.

INDECOPI has delegated the task of promoting conciliatory agreements among information providers and consumers to the Citizen Service Office, whose intervention ends if and when the parties reach an agreement. Otherwise, the plaintiff can present its case before the Consumer Protection Commission, who can in turn convoke the parties and has the faculty to issue regulation, supervise and impose sanctions.

2.4 ROLE OF OTHER PUBLIC AND PRIVATE SECTOR INSTITUTIONS

2.4.1 Non Financial Credit Providers

Department stores, supermarkets and household appliance stores are major providers of non-financial credit. This type of credit information is managed by the private information registries.

These non-financial providers offer short term consumer credit, generally through credit cards used only for purchases made in these stores.

2.4.2 Industry Associations

The Peruvian Banking Association (ASBANC) does not handle credit information firms directly, although it has a consumer relations office where, amongst other functions, consumer complaints related to credit information are processed.

3 PRIVATE CREDIT REGISTRIES

According to article 160 of the General Law of the Financial System "...there shall be no restriction on the incorporation of firms with the objective of providing the public with information on the credit background of financial and insurance system debtors, and on the misuse of checks."

Private firms that operate liability registry systems are not included in the scope of the SBS and are governed exclusively by civil law as well as by Congressional Law N° 27489 (Law regulating private risk information registries and providing protection to the owners of information), which establishes the guidelines and responsibilities for protection of the data subject.

The SBS may partially or entirely transfer to the private sector the risk center referred to in article 158 of the General Law.

3.1 INFOCORP – EQUIFAX

3.1.1 Control / Governance

INFOCORP was incorporated ten years ago; its shareholders were Banco de Credito and Banco Wiese. Although these institutions currently continue as shareholders, 51 per cent of the shares and therefore the control of INFOCORP are in the hands of EQUIFAX, an international firm.

INFOCORP has an employee code of ethics, conduct and control which maintains the same guidelines as EQUIFAX at an international level.

3.1.2 Sources of Information

The basic information used by INFOCORP is acquired from the SBS Public Credit Registry (SBS – Central de Riesgo) and refers to loans by debtors in the regulated institutions. This information is complemented by the National Superintendence of Tax Administration (*Superintendencia Nacional de Administración Tributaria - SUNAT*) database and returned check information from the Lima Chamber of Commerce (*Cámara de Comercio de Lima - CCL*), as well as service firms and stores. INFOCORP has agreements with a large number of banks who submit negative information on a weekly basis.

INFOCORP also subscribes agreements with all of its information providers to ensure the permanent updating of information stored in its databases.

3.1.3 Users

Most banks and financial entities in the country, as well as commercial, industrial and service firms, are INFOCORP customers.

3.1.4 Services Provided

INFOCORP offers different services; the following is a description of some of its products:

Consolidated Credit Report: presents the information provided by SBS which is updated on a monthly basis and includes all accounts related to debtor liabilities (both natural persons and firms) with SBS supervised entities whose balance is greater than S/. 1.00.

It also shows the details of creditor position by entity in those cases where the debtor has restructured, refinanced, overdue or court-ordered debts, or those classified as problem, doubtful or deficient loans or losses by a financial entity. Statistical information is shown for 8 periods (the last six months plus the months of December of the last 2 years).

The obtainable data is: number and type of reported document, debtor code assigned by the SBS, number of firms reporting, exchange rate at end-of-month, credit category assigned by the SBS, classification of debt as direct or indirect, guarantees, provisions, credit lines.

Address Verification: information is obtained on verifications that take place at the individual's address. These verifications provide information on the date of verification, respondent, address, telephone number, whether the home is owned or rented, rental amount, spouse, and number of residents in household. Updates are conducted weekly and the information displayed as from 1996.

Other information products on subjects are closed checking accounts, cancelled credit cards, protested checks bulletin, SUNAT directory, legal representatives, noted bills of exchange, foreign trade, provisional debt with pension fund managers, claim reviews and microfinance debt.

Information services, marketing services and decision systems are among the products offered to companies by INFOCORP.

The most important information services are:

Infocorp Plus exhibits a credit report that groups information of individual and firms in five different sections: (i) identification, showing the general ID information for individuals or businesses, (ii) indebtedness, which provides data and indicators regarding the debt recorded within the system, (iii) non performing portfolios, (iv) negative information, that records the debtor's negative credit history, (v) complementary information, indicating if the person or business has foreign trade activity, if there is a claim in process on the information contained in the report, and if the report has been consulted previously.

Verification, foreign trade and collection services are also offered.

As far as marketing services are concerned, the following stand out:

Portfolio review, this program allows the selection of the databases to be searched for entries regarding persons or firms. The available databases for the portfolio review are the following: (i) consolidated credit report, (ii) closed checking accounts, (iii) cancelled credit cards, (iv) protested check bulletins, (v) consumer debts, (vi) consolidated system of arrears, (vii) SUNAT directory, (viii) protested bills of exchange.

The program allows for the definition of business rules for registry searching. These rules are defined by the client, allowing for the generation of portfolio review profiles according to customer transaction rejection or acceptance policies. Diverse models of business rules can be generated.

Portfolio segmentation program, allows the identification of the databases from which the individual or firm entries will be chosen. The segmentation variables are: (i) geographic, (ii) by economic activity code, (iii) type of business, (iv) level of indebtedness.

Portfolio control program, this service consists of the periodic processing of the client portfolio according to specifications established by the firms requesting the service. It also creates warning mechanisms to implement preventive action affecting persons or firms on the client portfolio who are experiencing problems in their payment behavior.

Decision systems:

The *Experto* system is a tool that automates the evaluation process for credit applications.

3.1.5 Pricing Policies

Large information users operate on an annual contract system depending on the products included and usually on a free query basis, whereas the non-regular information requestor is charged for each query.

3.1.6 Procedures and Policies to Ensure Quality of Information

INFOCORP performs algorithms on the database to detect data inconsistencies and also conducts physical address verifications. When inconsistencies are found, the information is not processed.

3.1.7 Rights of Individuals/ Firms to Access and Dispute Information

There is no legal regulation on the provision of information concerning individuals in Peru, or on keeping records of people who request information. In INFOCORP's case, the names of report requestors are available from the service charge invoices.

3.1.8 Information Sharing Policies

There are no established procedures for sharing information with other private information registries.

3.2 CERTICOM

3.2.1 Control / Governance

Originally CERTICOM was closely related with the Bank Association of Peru, but currently comprises four individual shareholders.

3.2.2 Sources of Information

CERTICOM uses the information collected by the SBS and also receives information of some financial institutions not supervised by the SBS. The information received from financial institutions is similar to that received from the supervisor but in a shorter processing period than that required by the SBS. It contains positive and negative information delivered by institutions such as savings and loan cooperatives who do not deliver information to the SBS. In addition, some banks send information on cancelled credit cards, rejected checks and closed checking accounts which is not included in standard SBS information.

Other sources of information are the National Registry of Protested Bills (*Registro Nacional de Protestos*), The National Customs Superintendence (*Superintendencia Nacional de Aduanas - SUNAD*), the Superintendence for Tax Administration (*Superintendencia Nacional de Administración Tributaria - SUNAT*) and more than one hundred and seventy commercial and service firms.

3.2.3 Users

CERTICOM offers its services to any individual or firm. The legislation imposes no restrictions in this area, and only requires that the requestor of information be identified.

3.2.4 Services Provided

CERTICOM offers its clients different information services. The most important ones are described as follows:

Certicom provides information on the debts of individual or firms in the financial system, according to the information reported by the SBS. In addition, there is access to information of the National Registry of Protested Bills, data on non-performing loans, adverse information and other sources.

CERTICOM offers other services in addition to reports on data subject creditworthiness, including verifications and validations of data rendered by different sources, as well as credit scoring services.

Other information provided is on collateral for loan operations, (pledged deposits, guarantor and endorsement letters, property mortgages, product and/or market warrants, machinery and equipment liens, agricultural liens, mining liens, transportation equipment pledges, mortgage guarantees, guarantees on guarantor and endorsement letters, pledges of securities and real estate

deeds, guarantees on machinery and equipment liens and others). The report also offers a general summary of the requested individual or firm, supplying compact debt information at the SBS (in soles and dollars), detailed as current, overdue and total contracted liabilities. It also displays the total non performing commercial debt, and the number and value of outstanding protested bills. In addition it indicates the number of closed checking accounts, rejected checks and cancelled credit cards, as well as the number of times information on the debtor has been requested, specifying the nature of the requestor entity and the dates of the requests.

With the National Registry of Protested Bills as its source, it offers its consumers information related to protested bills of exchange, promissory notes and other securities protested at the national level. The registry is updated daily, on the basis of the entry of new protests or their removal. This information is classified in:

- Protests by Acceptor: information is displayed on protested bills with the data subject as acceptor. An annual summary of protested documents is also shown, as well as those where regularization is still pending. The relationship of the drawer on the protested documents to the data subject consulted as acceptor is also shown, indicating Chamber of Commerce code, name of drawer, type of document, currency, amount, locality, protest date and regularization date.
- Protests by drawer: information is displayed on protested bills with the data subject as drawer. An annual summary of protested documents is also shown, as well as those where regularization is still pending. The relationship of the acceptor of the protested documents to the data subject consulted as drawer is also shown, indicating Chamber of Commerce code, name of acceptor, type of document, currency, amount, locality, protest date and regularization date.

Another product offered by CERTICOM is Certicomex which provides information on foreign trade with details on actual imports and exports.

Certilex is another product managed by CERTICOM referring to the provision of legal information (of a judicial/court nature) where the data subject individuals or firms appear published in the "Official Gazette" in relation to mergers, bankruptcies, property auctions, etc.

In addition to on-line information products, CERTICOM has developed different consulting tools such as 1) the Analysts: which are credit rating systems based on classification rules by each requesting entity; 2) Controller: which is an on-line query control system by entity, user, agency, geographical location, type of service; 3) Portfolio monitoring where a client's loan portfolio is compared to the situation of the rest of the financial system. Many of these services can be accessed through devices that admit WAP navigation as well as the WEB.

3.2.5 Procedures and Policies to Ensure Quality of Information

CERTICOM has developed automatic verification algorithms for consistency in database information that are permanently tracking the database in search of inconsistencies. Inconsistencies identified

with a large margin of security are automatically modified, while others are stored in a repository managed by CERTICOM's analysts who can decide whether or not to modify the information.

CERTICOM also provides a list of homonyms or similar names that have not been paired due to lack of another common variable like identity card or tax identification number (*Registro Unico de Contribuyente – RUC*). It is also used to relate individuals to accounts where they appear as joint holders and/or guarantors.

3.2.6 Procedures and Policies to Manage Risks

The developed algorithms ensure the databases' integrity and rule out the possibility of unauthorized modifications, while keeping a meticulous record of all the changes made for their subsequent analysis.

3.2.7 Rights of Individuals/ Firms to Access and Dispute Information

The legal framework also provides guidelines on the rules of information access. Neither the private credit bureaus nor the credit providers are required to obtain a debtors' authorization in order to procure information on their situation (Law N° 27863, article 7).

There are no legal restrictions to access credit reporting firms' information except for a minimal guide that indicates that private firms can charge for the service (Law N° 27489, article 11). Therefore, credit information of both individuals and firms are available in Peru. Debtors are guaranteed access to their own information (Law N° 27863, article 13) and can ask to view it at no cost on a computer screen, or in a printed copy at a low fee. (Law N° 27489, article 14).

3.2.8 Information Sharing Policies

There are no current established procedures for sharing information with other private information registries.

3.3 INFORMA S.A.

3.3.1 Control /Governance

INFORMA started operations in 2004 with Spanish capital. Its shareholders being INFORMA S.A., the Spanish Development Finance Company (COFIDES), both from Spain; SECREX, Loan and Guarantee Insurance Company and the Inter-American Development Bank, through the Multilateral Investment Fund (MIF).

3.3.2 Sources of Information

The information used by INFORMA originates from official sources such as the SBS, which provides information on the financial system's loans and their classification; the Lima Chamber of Commerce, for country-wide consulting of bill protests; the SUNAT, that provides the census of all economic

agents in the country, debts to the State and Legal Representatives; the legal acts of SUNARP, and INDECOPI to identify the firms that are bankrupt or in orderly dissolution.

Information also exists on foreign trade, shareholders and stake holdings. Additionally, they also obtain financial information (balance sheets and income statements) on firms or individuals that INFORMA is evaluating as credit recipients. Currently, they possess financial and asset information on more than 8,000 firms.

3.3.3 Users

It is mostly directed at the business or corporate sector of the economy.

3.3.4 Services Provided

INFORMA offers three types of report. The Abbreviated Report, that contains the basic information and a summary of the firm; the Commercial Report which includes, in addition to the former, a credit classification and an opinion on the loan; the third type is a financial report, where the financial statements of the firms are added to the above.

The services offered include operations follow-up through the "Watch Service", which is an alert system in case of a change in the firms' condition or classification.

3.3.5 Pricing Policies

In view of the different services INFORMA prices are set in a function of the customer's requirements. In case of occasional consultations there is an individual charge.

3.3.6 Rights of Individuals/ Firms to Access and Dispute Information

Everybody in Peru has the right to freely access and view their personal credit report at a credit registry once a year. However, should a printed report be required, the user must pay the cost. The debtor also has the right to rectify the data, conditional to having paid off the outstanding balance.

There is no requirement to maintain a record of persons requesting information. As far as the system's users are concerned, INFORMA knows and can identify who the information requestors are given the prior requirement of a signed user contract.

3.3.7 Information Sharing Policies

The SBS has free access to the INFORMA website. There are no further agreements to share information with the other private registries.

4 PUBLIC CREDIT REGISTRIES

4.1 MAIN OBJECTIVES OF REGISTRY

The General Law of the Financial System gives the SBS the mandate for an integrated registry system of financial, credit, commercial and insurance risks, which contain information on borrowers from financial entities.

Based on this mandate and starting in 2001, the SBS designed and implemented a Risk Information Registry of Outstanding Balances (*Central de Riesgos por Saldos - CRS*) based on a report called "Debtors Credit Report" (*Reporte Crediticio de Deudores - RCD*) in Annex N° 6 of the accounting manual. Its operation is regulated by the General Law for the Financial System in articles 158, 159 y 160.

For supervision and transparency purposes the SBS has been operating a Public Credit Registry (*Central de Riesgos - CR*) containing debtor information since 1993. In 2001, the CRS, amended by Resolution 1699-2003, replaced the previous system (Confidential Credit Report). The CRS instituted the monthly sending of balance information on all customer liabilities, whether persons or firms, above S/. 1.00.² As a consequence, during the last three years the 90 portfolios reported under the format prior to 2001 have grown to 132 reporting institutions. This has increased the processing amount of 5.5 million entries to more than 24 million today. Each month at the Superintendence the CRS receives information on about 8 million individuals and firms, with 600 data variables for each entry.

Initially, consolidated information was provided at the system level for those clients considered normal and with greater detail for those defined as "High Risk Clients." This was conducted without considering that the entities before did not report the number of days past due for all portfolios (penalties for example). Subsequently, this restriction was eliminated in 2004 to display all the borrowers individually, with positive and negative balances as well as their individual classification by entity.

The larger number of entries and clients, together with the firms' financial product diversification, demanded greater levels of adequacy in the internal operating processes, leading to a larger proportion of suspect data (for example, due to erroneous information) from the informing entities.³ In view of this, control efforts introduced by the SBS which include imposing sanctions when observing discrepancies in the account balances and adjustment efforts in the internal processes of financial entities, have improved the reports consistently in their quality of data to the point where they now register less than 0.5 percent of suspect data. Suspect data is identified as data which does not satisfactorily pass the validation or accounting controls.

² The RCD has a variable accounting entry design that permits the permanent updating of the CR data base; the entry design also allows for reporting the longest period of arrears on the same type of debtor transaction, therefore providing the capability for expansion to a greater level of detail.

³ This is due mainly to problems in identifying individuals. Also, in a lesser proportion, other observations referred to the entry of accounting balances.

The SBS's processing time for system delivery has shortened to almost 20 days, counting from the 15 day reporting period following the closing date for the accounting information. This reporting period is made available to the firms in accordance with the Law.

In order to conform to the contents of Law No. 27806 (Law of Transparency and Access to Public Information), CR services have improved with the incorporation of the Risk Center for Social Security Debt⁴ and started operations of the Web Risk Center based on the RCD (Supervisee Site) in December 2003.⁵ At the same time a reporting system for information on partial and fractioned payments on insurance policies is being defined for the purpose of complementing data on the liabilities of persons and firms in this area.

As for the CR perspectives, there has been progress in identifying the minimum necessary information a public risk center should have in order to have in place a supervisory process in accordance with the standards of the New Capital Agreement. This would improve the reporting structure to obtain details of clients' operations identified as those who have liabilities in excess of S/. 500,000; representing almost 92 percent of the total commercial loans.

4.2 SOURCES OF INFORMATION

In order to keep the registry updated, the financial, insurance and pension fund system entities must provide monthly balance information on all liabilities of individuals or firms above S/.1.00 on a monthly basis. This information is consistent with the accounting reported through the Monthly Corroboration Balance. The RCD has a variable entry design which incorporates the accounting modifications that result from new accounts and the greater detail pertaining to the different financial products that institutions contract with their borrowers. This allows for the permanent updating of the database.

The CRS registers all liabilities of all the portfolios administered by the supervised entities and all accounts defined in the accounting manual, including provisioned accounts, firms in liquidation, transferred loans and securitized portfolios. The information it contains includes borrower identification (full name, gender, marital status), economic activity, country of residence, economic group, size of business, liabilities outstanding by type of loan and by status (current, past due, or in legal collection), penalties, interest, arrears in each type of operation, currency, data on guarantees, contingencies, derivatives and provisions, and the borrower's risk classification according to the evaluation of each creditor entities. Insurance firms report arrears in the payment of premiums, while pension fund managers inform employer arrears.

⁴ Official circular 17789-2003-SBS replaces official circular 043-99-EF/SAFP (Procedures to inform social security debts through the risk centers, Internet or other means; Resolution 213-99-EF/SAFP) and regulates the information that the AFPs should provide to the SBS. This process allows for informing and updating the AFP employers' social security debts with the Private Pension System; the registered information permits the evaluation of existing social security debt by employer, AFP or system-wide.

⁵ The legal framework for the CR Web is provided by Law N° 26702, General Law for the Financial and Insurance Systems, Multiple Notices 11707-2000 (RDC), 1619-2001 (Checking Account closures and Credit Card cancellations), 6484-2003 and Law N°. 27863 (*Law regulating private risk information registries and providing protection to the owners of information*).

In addition to receiving information from the supervised entities, the SBS receives data from National Identification and Civil Status Registry (*Registro Nacional de Identificación y Estado Civil – RENIEC*), SUNAT.

4.3 USERS

Apart from the SBS, the corresponding information is available to firms in the financial and insurance systems, to private pension fund administrators, the Central Bank, commercial firms and in general to any interested party subject to payment of the fees established by the SBS. In particular, the CRS information is made available to public agencies and private credit information services firms by means of agreements.

4.4 SERVICES PROVIDED

The Superintendence uses the information for permitting the statistical sampling of debtors used in the inspection visits as well as for a variety of risk analyses and for off-site early warning reports. Some of these reports are provided to supervise financial entities upon request and via the preparation of uniform statistical tables consolidated at the system level, by economic sector and/or geographic zones.

The CRS periodic information is also available to analysts in the supervised entities by accessing the Supervisee Site in the SBS Web page, where, by the use of a personal password, almost 6,000 users can consult the credit position of current and potential borrowers with a one year history. In this manner, there is a direct contribution to the transparency of the information and to the competition among financial entities, for the benefit of credit subjects.

4.5 PRICING POLICIES

In keeping with article 158 of the General Law for the Financial and Insurance Systems and Charter Law for the Bank and Insurance Supervisor (Law N° 26702), the data recorded in the Central Registry will be at the disposal of financial and insurance system firms, the Central Bank, commercial firms and any interested party, prior payment of the fees established by the Superintendence.

The information provided monthly to the entities that report to the Superintendence can be viewed in the context of a reciprocity regime, so that the automatic access to it implies no costs to the financial institutions.

The provision of information to private information registries is governed by respective agreements between the SBS and said entities.

4.6 PROCEDURES AND POLICIES TO ENSURE QUALITY OF INFORMATION

The quality of information is guaranteed by two types of measures:

a) Design measures for information flows and their purging, and

b) Adaptation measures of the available technology.

With respect to the first, the data subject identification process for both individuals and firms should be emphasized, if the data is coming from an external source such as SUNAT or RENIEC. The design of Annex N° 6 of the accounting manual should also be highlighted, since it gathers more than 600 different accounts to whose system the monthly declarations of the declaring entities (Debtors Credit Report) are adjusted. This allows for contrasting the data reported through the RCD with the monthly balance.

The monthly information updating procedures should also be mentioned.

Future steps envisioned are:

a) The development of the database:

a. Purging the Master base of individuals and firms

b. Homogenizing International Standard Industrial Classification code identification by economic activity. (*Clasificación Internacional de Industria Uniforme – CIIU*).

c. Quarterly updating of the Master base for economic groups.

b) A new risk center by relevant borrower's transactions in accordance with the new capital agreement.

c) The creation of a Financial Statement base for commercial debtors in the system and by economic sectors.

d) The development of new tools for analysis such as methodologies to quantify the borrower's risk exposure to exchange rate variation, the development of a methodology to select the statistic sample for inspections in order to identify quantitative and qualitative indicators for classifying supervised firms, etc.

With respect to the adaptation measures of the available technology, the modifications made to the debtors report have meant a significant increase in the volume of reported entries (23.6 million in October 2005).

The quantity of information reported will increase even more with the new Risk Information Registry of Existing Operation (*Central de Riesgo por Operaciones – CRO*), as will the need for availability of analysis.

The SBS has significantly improved its IT developments in recent years, with the creation of three different areas:

- A system for receiving, validating and processing data.
- Web access application via Internet to the “Supervisee Site” with a projected three-layer updated approach, separating the presentation from the logic and the data access.
- Finally, there is already a data warehouse environment for data exploitation, and there are future projects for employing Business Intelligence and Data-mining tools to take better advantage of the data warehouse and undertake more complex studies.

These improvements will require an upgrading of the computer power supporting these applications, as well as an increase in memory and storage capacity.

4.7 RIGHTS OF INDIVIDUALS / FIRMS TO ACCESS AND DISPUTE INFORMATION

The regulatory provisions relating to the confidentiality of the data processed by the banks and financial entities refer solely to balance sheet liabilities data (article 144 of Law N° 26702 of Financial and Insurance Systems). Besides this, there are no other regulations of the privacy regime relating to the activities of the Public Credit Registry.

Nevertheless, the SBS operates a customer relations platform where requests for data modification applications are received from data subjects who do not agree with the contents of the data base.

4.8 INFORMATION SHARING POLICIES

Besides the SBS, the corresponding information is available to financial system firms, insurance companies and private pension administrators, the Central Bank and commercial firms and any interested party in general, prior payment of the fees established by the SBS. In particular, through agreements, CRS information is provided to public agencies and private firms offering credit information services.

5 INTERACTION WITH OTHER COMPONENTS OF THE FINANCIAL INFRASTRUCTURE

5.1 PAYMENT SYSTEMS AND INSTRUMENTS

Cash and checks are the major means for making retail payments in Peru. While the “*nuevo sol*” is the legal tender, payments in foreign currency are allowed. In fact, the USD is frequently used, resulting almost in a dual currency economy. The amount of notes and coin in circulation is below the average of other countries. The check is the most widely used small value payment instrument in Peru, in terms of volume and value.

During the year 2005 7.8 million checks with a value of close to S/. 98 billion (42 percent of GDP) were settled through the electronic clearinghouse, of which 35 percent was denominated in USD. There is an important trend in the reduction of the use of checks, especially in terms of value, and also in the percentage of dollar-denominated checks. Checks are cleared through the Electronic Clearinghouse privately operated by the *Empresa de Servicios de Canje* (ESEC) that started its activity in November 2001.

The use of non-cash means of payment for retail payments is limited in Peru, although on the rise. Bank credit cards are not much used in Peru. Approximately 1,500,000 cards were issued in 2005, representing 53 credit cards per 1,000 inhabitants. There is an operator (VISANET) for the acceptance and processing of inter-bank payment orders for participating banks. However, some banks undertake the complete administration of their credit cards (issuing and clearing). In some cases these credit cards also double as debit cards. The use of debit cards is more popular in Peru because of the lower risks they present. By the end of 2004, there were about 4.8 million cards (174 per 1000 inhabitants) that can be used from any linked terminal (ATMs as well as linked point-of-sales), even from outside the country.

The use of pre-paid cards is not yet very popular and is mainly limited to telephone services. The only network, apart from the above-mentioned electronic clearinghouse, that clears other payment instruments is UNIBANCA. This is a system of ATMs for cash withdrawals, points-of-sale (POS) equipment and transfers among accounts in banks associated to the network. A group formed by 14 banks owns this network. A number of other banks have their own ATM networks, but with no inter-linkages.

5.2 REGISTRIES

The databases and registries relevant to the credit information system in Peru are described in this section.

5.2.1 National Public Registry System

The National Public Registry System operated by the National Superintendence of Public Registry (*Superintendencia Nacional de Registros Públicos - SUNARP*) was created by the law of creation of

public registry national system and the Public Registry Superintendence, Law N° 26366, (*Ley de Creación del Sistema Nacional de los Registros Públicos y de la Superintendencia de los Registros Públicos*). The system operates in different regions, each one with offices responsible for registering and providing information on the acts and contracts performed. This system is composed of the following registries:

- Registry of Natural Persons: in which personal information such as bankruptcy or divorce is registered, together with commercial information on individuals acting as merchants.
- Registry of Legal Persons which includes the Registry of Commercial Firms.
- Registry of Real Estate: in which properties as well as ships and aircraft are registered.
- Registry of Personal Assets: This includes the registry of vehicles, as well as industrial and agricultural liens, including livestock.

5.2.2 Civil Registry

The National Identification and Civil Status Registry (RENIEC) was created by Law N° 26497, in accordance with articles 177 and 183 of the Political Constitution of Peru, as an autonomous entity under public internal law.

RENIEC is responsible for organizing and maintaining the sole identification registry for natural persons, for adopting mechanisms that guarantee security in manufacturing identity documents and for the registration of acts and occurrences related to mental capacity and civil status, as well as assuring reliability of the information resulting from the entries.

It is the technical agencies charged with the identification of Peruvians, issuing the national identity document and recording vital facts: births, marriages, deaths, divorces and others that modify civil status.

5.2.3 Court Registries

Following the judicial reform in Lima, seven Courts of Justice and an Appeals Court were created to handle commercial law proceedings. These commercial courts are implementing a system to make their proceedings and decisions public in a more efficient manner. This system, which is being developed jointly with the IT department of Justice System, is called the Commercial Jurisprudence Management System. The procedures followed by this court and their decisions will be made available on the Internet, especially those related to the liquidation of collateral.

5.2.4 Positive Information Center

The positive Information Center keeps socioeconomic data on 1,400,000 people. It was created as a joint effort between the Commission for Formalizing Informal Property (*Comisión de Formalización*

de la Propiedad Informal - COFOPRI) and the Urban Property Registry (*Registro Predial Urbano - RPU*). Currently it is operated by the National Superintendence of Public Registry (SUNARP). SUNARP identifies the owners of property registered in its data base and searches for additional information in other public registries like the SBS, RENIEC and RPU, so as to obtain all available information on the status of the property, whether the owner contributes to the pension system or social security, if there is debt owed to the financial system and the pattern of payments, and also if the owner has an identification credential, if they voted in the last elections and if they have other assets (vehicles) that could be used as collateral.

The registry's main objective is to obtain information from public data bases on potentially sound debtors in the financial system. In the future there is a plan to incorporate the information submitted by utilities, which can be added to a person's file. Currently the incorporation of other information from the utilities' data bases is under study (Sedapal, Edelnor and Luz del Sur).

APPENDIX: STATISTICAL TABLES

The first series of tables (A) provides information on the credit reports in Peru. These tables have been prepared following the Standard Methodology for Country Tables developed by the main team of the Initiative. This methodology is available on the Web page of WHCRI, www.whcri.org.

The second series (B) provides general statistical information of the financial system and the loan market.

Series A

Credit Reporting Statistics

A1	Basic Statistical Data.....	38
A2	Bank loan and Credit Reporting Institutions and other Relevant Data Bases for Loan Activities.....	38
A3	Private Credit Registries – Structure of Ownership	39
A4	Institutions Reporting to Private Credit Registries	40
A5	Institutions Reporting to Public Credit Registry	41
A6	Individuals, Firms and Transactions Registered in the Private Credit Registries	41
A7	Individuals, Firms and Transactions Registered in the Public Credit Registry	42
A8	Credit Reports Requested from Private Credit Registries (by type of requesting institution).....	42
A9	Credit Reports Requested from Private Credit Registries (by delivery mode).....	43
A10	Credit Reports Requested From/Provided by the Public Credit Registry.....	43

Series B

General statistics on the Financial System and Loan Market

B1	Financial Institutions.....	44
B2	Credit Granted by Financial Sector Entities (by type of institution, in USD millions).....	44
B3	Credit Granted by Financial Sector Entities (by type of debtor, in USD millions)	45

B4	Credit Granted by Financial Sector Entities (by type of credit, in USD millions)	45
B5	Quality Indicators on Credit Granted by Financial Sector Entities (in USD millions)	45

A1: Basic Statistical Data

	2000	2001	2002	2003	2004	2005
Population (in thousand)	25,993.3	26,346.8	26,749.0	27,148.1	27,546.6	27,219.2
GDP (USD billions)	36,636.4	35,102.6	36,103.9	37,965.2	40,608.2	n.a.
GDP per Capita (in USD)	1,409.5	1,332.3	1,349.7	1,398.4	1,4742	n.a.
Exchange rate vs. USD						
End of year	3.5	3.5	3.5	3.5	3.3	3.4
Average	3.5	3.5	3.5	3.5	3.4	3.3

Source: Central Bank of Peru.

A2: Bank loan and Credit Reporting Institutions and other Relevant Data Bases for Loan Activities

	Name	General Description
	INFOCORP	Private firm whose main objective is to collect and distribute credit information on individuals and firms. It also offers additional information and verification services.
Private Credit Registries	CERTICOM	Uses the information generated by the SBS. It also receives information from some financial institutions with similar information to that received from the supervising entity, but in a shorter period. This is negative information which is only rendered by banks referring to cancelled credit cards, rejected checks and closed checking accounts.
	INFORMA, S.A.	Private firm which offers services in Peru and overseas, its main objective is to collect and distribute information on the debtor's conduct, information received from official sources. In addition, financial and commercial information services are offered.
Public Credit Registry		Registry managed by the SBS, which is used as a supervision tool. The collected and validated information is distributed to the supervised institutions.
Other Data Bases		
Identification Data Bases	National Superintendence of Tax Administration (SUNAT)	Information on the identification of individuals and firms, business sector, legal status, directive boards and firm directors.

(continue on next page)

A2: (conclude)

	<i>Name</i>	<i>General Description</i>
Corporate and guarantee Registries	National Superintendence of Public Registries (SUNARP)	The constitution of firms, shareholders and initial capital is registered. Real estate properties are also registered, including aircraft and sea vessels.
	National Institute for the Defense of Competition and Intellectual Property (INDECOPI)	Bankruptcy process, liquidations and reorganizations are recorded.
	National Supervisory Commission of Firms and Securities (CONASEV)	The financial statements of listed companies in the Stock Exchange are filed.
Others	Lima Chamber of Commerce (CCL)	Company incidents are registered.

Source: Own elaboration.

A3: Private Credit Registries – Structure of Ownership

	<i>Name of Partner</i>	<i>Percentage of Shares</i>
INFOCORP	Equifax Inc	51%
	Banco de Crédito del Perú	28%
	Wiese Sudameris Bank	21%
CERTICOM	Guillermo Van Oordt	n.a.
	Franjo Kurtovic	
	César López-Doriga	
INFORMA	Sergio Valencoso	57%
	Informa S.A. (Spain)	
	Cofides, S.A. (Spain)	
	MIF (IDB)	
	Secrex (Perú)	9%

Sources: Private credit registries.

A4: Institutions Reporting to the Private Credit Registries

	2000	2001	2002	2003	2004	2005
INFOCORP						
Financial Sector	n.a.	n.a.	63	60	59	57
Banks	n.a.	n.a.	21	18	16	14
Financial companies	n.a.	n.a.	2	2	2	2
Municipal S&C associations	n.a.	n.a.	13	13	14	14
Rural S&C associations	n.a.	n.a.	12	12	12	12
Edipyme	n.a.	n.a.	15	15	15	15
Non-Financial sector	n.a.	n.a.	340	390	440	540
Private (chambers of commerce)	n.a.	n.a.	38	38	38	38
Public (SUNAT)	n.a.	n.a.	2	2	2	2
Other (private contributors) ^(a)	n.a.	n.a.	300	350	400	500
Total INFOCORP	n.a.	n.a.	403	450	499	597
CERTICOM						
Financial Sector	n.a.	n.a.	n.a.	n.a.	n.a.	40
Banks	n.a.	n.a.	n.a.	n.a.	n.a.	18
Other	n.a.	n.a.	n.a.	n.a.	n.a.	22
Non-Financial Sector	n.a.	n.a.	n.a.	n.a.	n.a.	510
Public (SUNAT)	n.a.	n.a.	n.a.	n.a.	n.a.	510
Total CERTICOM	n.a.	n.a.	n.a.	n.a.	n.a.	550
INFORMA						
Financial Sector	n.a.	n.a.	n.a.	1	1	1
Banks	n.a.	n.a.	n.a.	0	0	0
Bank and Insurance Superintendence	n.a.	n.a.	n.a.	1	1	1
Non-Financial Sector	n.a.	n.a.	n.a.	5	8	8
Total INFORMA	n.a.	n.a.	n.a.	6	9	9
Total	n.a.	n.a.	n.a.	456	508	1,156

^(a) Approximate figures.

Sources: Private credit registries.

A5: Institutions Reporting to Public Credit Registry

	2000	2001	2002	2003	2004	2005
Financial Sector	n.a.	122	123	118	113	113
Banks	n.a.	24	24	18	12	12
Financial leasing companies	n.a.	8	8	8	8	6
Municipal S&C associations	n.a.	14	14	14	14	14
Rural S&C associations	n.a.	12	13	14	14	12
EDPYMES	n.a.	9	9	9	10	14
Other ^(a)	n.a.	55	55	55	55	55
Non-financial sector ^(b)	...	...	...	...	...	...
Total	n.a.	122	123	118	113	113

^(a) Includes transferred portfolios, firms in liquidation and five mutuals.

^(b) The non-financial sector is not supervised by the SBS.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

A6: Individuals, Firms and Transactions Registered in the Private Credit Registries

	2000	2001	2002	2003	2004	2005
INFOCORP						
Number of individuals registered	n.a.	n.a.	7,234,554	7,633,445	8,053,720	8,460,607
Number of firms registered	n.a.	n.a.	587,004	615,724	640,112	661,267
Total	n.a.	n.a.	7,821,558	8,249,189	8,693,832	9,121,874
Number of entries for individuals	n.a.	n.a.	28,938,216	29,999,439	31,006,822	32,758,640
Number of entries for Firms	n.a.	n.a.	2,447,807	2,635,299	2,637,261	2,820,052
Total	n.a.	n.a.	31,386,023	32,634,738	33,744,083	35,578,692
CERTICOM						
Number of individuals registered	n.a.	n.a.	n.a.	n.a.	n.a.	8,030,050
Number of firms registered	n.a.	n.a.	n.a.	n.a.	n.a.	508,574
Total	n.a.	n.a.	n.a.	n.a.	n.a.	8,538,624
Number of entries for individuals	n.a.	n.a.	n.a.	n.a.	n.a.	21,058,195
Number of entries for Firms	n.a.	n.a.	n.a.	n.a.	n.a.	1,264,732
Total	n.a.	n.a.	n.a.	n.a.	n.a.	22,322,927
INFORMA						
Number of individuals registered	n.a.	n.a.	n.a.	n.a.	n.a.	6,374,218
Number of firms registered	n.a.	n.a.	n.a.	n.a.	n.a.	478,472
Total	n.a.	n.a.	n.a.	n.a.	n.a.	6,852,690
Number of entries for individuals	n.a.	n.a.	n.a.	n.a.	n.a.	6,374,218
Number of entries for Firms	n.a.	n.a.	n.a.	n.a.	n.a.	478,472
Total	n.a.	n.a.	n.a.	n.a.	n.a.	6,852,690

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

A7: Individuals, Firms and Transactions in the Public Credit Registry

	2000	2001	2002	2003	2004	2005
Number of individuals	n.a.	2,500,000	2,550,000	2,650,000	2,750,000	2,820,000
Number of firms	n.a.	190,000	198,000	200,000	198,000	200,000
Total	n.a.	2,690,000	2,748,000	2,850,000	2,948,000	3,020,000
Number of entries for individuals	n.a.	8,500,000	8,500,000	9,000,000	10,200,000	14,000,000
Number of entries for Firms	n.a.	2,500,000	2,700,000	3,500,000	3,500,000	3,500,000
Total	n.a.	11,000,000	11,200,000	12,500,000	13,700,000	17,500,000

Memo: lower limit to report firms, individuals and public credit information registry accounts There is no limit, in Practice it is from S/. 1.00 liabilities balance.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

A8: Credit Reports Requested from Private Credit Registries (by type of requesting institution)

	2000	2001	2002	2003	2004	2005
INFOCORP						
Financial sector	n.a.	n.a.	89%	87%	85%	83%
Banks	n.a.	n.a.	72%	67%	59%	59%
Other	n.a.	n.a.	17%	20%	26%	24%
Non-financial sector	n.a.	n.a.	11%	13%	15%	18%
Individuals or firms that request their own credit report	n.a.	n.a.	neg	neg	neg	neg
Total	n.a.	n.a.	100%	100%	100%	100%
CERTICOM						
Financial sector	n.a.	n.a.	n.a.	n.a.	n.a.	100%
Bands	n.a.	n.a.	n.a.	n.a.	n.a.	72%
Other	n.a.	n.a.	n.a.	n.a.	n.a.	28%
Non-financial sector	n.a.	n.a.	n.a.	n.a.	n.a.	neg
Individuals or firms that request their own credit report	n.a.	n.a.	n.a.	n.a.	n.a.	neg
Total	n.a.	n.a.	n.a.	n.a.	n.a.	100%
INFORMA						
Financial sector	n.a.	n.a.	n.a.	n.a.	neg	57%
Banks	n.a.	n.a.	n.a.	n.a.	neg	57%
Other	n.a.	n.a.	n.a.	n.a.	neg	neg
Non-financial sector	n.a.	n.a.	n.a.	n.a.	neg	38%
Individuals or firms that request their own credit report	n.a.	n.a.	n.a.	n.a.	neg	5%
Total	n.a.	n.a.	n.a.	n.a.	neg	100%

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

A9: Credit Reports Requested from Private Credit Registries
(by delivery mode)

	2000	2001	2002	2003	2004	2005
INFOCORP						
Direct connection	n.a.	n.a.	88%	82%	81%	78%
Internet	n.a.	n.a.	12%	18%	19%	22%
E-Mail	n.a.	n.a.	0%	0%	0%	0%
Fax	n.a.	n.a.	0%	0%	0%	0%
Physical delivery	n.a.	n.a.	neg	neg	neg	Neg
Other	n.a.	n.a.	0%	0%	0%	0%
Total	n.a.	n.a.	100%	100%	100%	100%
CERTICOM						
Direct connection	n.a.	n.a.	n.a.	n.a.	n.a.	2%
Internet	n.a.	n.a.	n.a.	n.a.	n.a.	98%
E-Mail	n.a.	n.a.	n.a.	n.a.	n.a.	0
Fax	n.a.	n.a.	n.a.	n.a.	n.a.	0
Physical delivery	n.a.	n.a.	n.a.	n.a.	n.a.	neg
Other	n.a.	n.a.	n.a.	n.a.	n.a.	0
Total	n.a.	n.a.	n.a.	n.a.	n.a.	100%
INFORMA						
Direct connection	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Internet	n.a.	n.a.	n.a.	n.a.	n.a.	95%
E-Mail	n.a.	n.a.	n.a.	n.a.	n.a.	5%
Fax	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Physical delivery	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Other	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Total	n.a.	n.a.	n.a.	n.a.	n.a.	100%

Sources: Private credit registries.

A10: Credit Reports Requested From/ Provided by the Public Credit Registry
(by type of requesting entity)

	2000	2001	2002	2003	2004	2005
RISK CENTER						
Financial sector	...	...	...	...	...	...
Banks	...	...	...	...	...	...
Other	...	...	...	...	...	...
Non-financial sector	...	...	...	...	...	...
Individuals or Firms that request their own credit report	n.a.	200	250	255	300	300
Total						

Note: the consolidated monthly credit reports are delivered to all supervised financial firms, at no cost. Some Government entities sporadically request reports of certain debtors. The only ones who request their own reports are the financial system's clients.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

B1: Financial Institutions

	2000	2001	2002	2003	2004	2005
<i>Banks</i>	18	21	25	19	15	15
Private multiple banks	15	18	22	16	12	12
State owned multiple banks	3	3	3	3	3	3
<i>Non bank financial intermediaries</i>	67	69	61	56	57	64
Finance companies	5	5	5	5	5	6
Rural S&C associations	12	12	13	12	13	12
Municipal S&C associations	14	14	14	14	14	14
EDPYME	13	13	13	10	11	14
Insurance companies	16	18	10	9	8	12
Financial leasing companies	7	7	6	6	6	6
Pension fund management firms	5	4	4	3	3	5
Exchange houses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	90	94	90	78	75	84

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

B2: Credit Granted by Financial Sector Entities

(by type of institution, in USD millions)

	2000	2001	2002	2003	2004	2005
<i>Banks</i>	n.a.	12,021	11,521	11,011	11,670	12,734
Multiple private banks	n.a.	12,021	11,521	11,011	11,670	12,734
State owned multiple banks	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Non bank financial intermediaries</i>	n.a.	1,294	1,336	1,391	1,568	2,229
Finance companies	n.a.	250	285	316	272	404
Rural S&C associations	n.a.	69	81	97	129	176
Municipal S&C associations	n.a.	241	350	487	661	936
EDPYME	n.a.	51	67	88	117	176
Financial leasing companies	n.a.	682	553	403	389	537
Total	n.a.	13,314	12,857	12,403	13,238	14,963

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

B3: Credit Granted by Financial Sector Entities
(by type of debtor, in USD millions)

	2000	2001	2002	2003	2004	2005
Non- financial private sector	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Individuals</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Firms</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial Sector	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Non- Financial public Sector	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

B4: Credit Granted by Financial Sector Entities
(by type of credit, in USD millions)

	2000	2001	2002	2003	2004	2005
Commercial ^(a)	n.a.	7,293	7,293	7,190	8,785	10,339
<i>Short term (< 1 year)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Long term (> 1 year)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Residential mortgages	n.a.	971	1,093	1,280	1,552	2,254
Personal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Credit cards	n.a.	371	505	652	912	2,175
Other	n.a.	1,268	1,642	1,161	174	713

^(a) Commercial credits include discounts, factoring, loans, financial leasing and external commerce.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

B5: Quality Indicators on Credit Granted by Financial Sector Entities
(in USD millions)

	2000	2001	2002	2003	2004	2005
Total Loans	n.a.	1,852	1,840	1,796	1,834	3,954
Current	n.a.	1,409	1,401	1,450	1,615	2,930
Past due	n.a.	444	439	347	219	308
Provisions	n.a.	1,248	1,191	925	814	716
Classification according to credit quality	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
B	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
D	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Superintendence of Banks, Insurance Companies and Pension Fund Management Firms in Peru (SBS).

LIST OF ABBREVIATIONS

AFP	Administradora de Fondos de Pensiones (Pension Fund Management Firms)
ASBANC	Asociación de Bancos de Perú (Peruvian Banking Association)
ATM	Automated Teller Machine
CCL	Cámara de Comercio de Lima (Lima Chamber of Commerce)
CEPIRS	Centrales Privadas de información de Riesgo (Private Risk Information Registries)
CIIU	Clasificación Internacional Industrial Uniforme (Internacional Standard Industrial Classification)
COFOPRI	Comisión de Formalización de la Propiedad Informal (Comisión for Formalizing Informal Property)
CONASEV	Comisión Nacional Supervisora de Empresas y Valores (National Supervisory Comisión of Firms and Securities)
CR	Central de Riesgos (Public Credit Registry)
CRO	Central de Riesgos por Operaciones (Risk Information of Existing Operations)
CRS	Central de Riesgos por Saldo (Risk Information Registry of Outstanding Balances)
EDPYMES	Empresas de desarrollo de la pequeña y microempresa (Entities for the development of small and micro enterprise)
FOGAPI	Fondo de Garantía para Préstamos a la Pequeña Industria (Guarantee fund for loans to small industry)
INDECOPI	Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (National Institute for the Defense of Competition and Protection of Intellectual Property)
NGO	Non Governmental Organization
POS	Point of sales
RCD	Reporte Crediticio de Deudores (Debtor Credit Report)
RENIEC	Registro Nacional de Identificación y Estado Civil (National Identification and Civil Status Registry)
RPU	Registro Predial Urbano (Urban Property Registry)

RUC	<i>Registro Único de Contribuyentes</i> (Tax identification number)
SBS	<i>Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones</i> (Superintendence of banks, insurance companies and pension fund management firms)
SUNAD	<i>Superintendencia Nacional de Aduanas</i> (National Customs Superintendence)
SUNARP	<i>Superintendencia Nacional de Registros Públicos</i> (National Superintendence of Public Registries)
SUNAT	<i>Superintendencia Nacional de Administración Tributaria</i> (National Superintendence of Tax Administration)

