



## ICCR Plenary Meeting in Italy

July 2023

### 1. Background

The International Committee on Credit Reporting (ICCR) Plenary met June 7-8 in Italy. The Plenary discussed emerging issues in credit reporting, the Mid Term Strategy Review and reviewed research work in overindebtedness and complementarity of public credit registries and private credit bureau. The Plenary also discussed and approved the ICCR's work programme for 2023 - 2024.

### 2. Credit information sharing industry developments

Tightening macroeconomic conditions and aftereffects of the Covid pandemic is elevating Non-Performing Loans (NPLs). Indebtedness in several markets has accentuated the need for the Committee to strengthen the role of credit reporting ecosystems in mitigating over-indebtedness. The members approved the paper on balancing over-indebtedness and inclusion.

The spread of digitization and adoption of digital payments is creating more data than can be leveraged for credit underwriting, driving strategy, personalizing customer experience and policy formulation. This is happening where several jurisdictions are starting to implement open banking and open finance frameworks which can promote inclusion, competition and broaden service offering. As the use of data intensifies, it is bringing to the fore issues on privacy, and potential discrimination & biases which need to be mitigated. The Committee is monitoring the developments and will look at ways of strengthening guidance on this.

Global geopolitical events and regional integration initiatives are increasing the importance of cross-border credit information sharing. Several initiatives to promote cross border information sharing are underway to facilitate the financial inclusion of migrants especially those forcibly displaced. The Committee through its members, the World Bank Group and ACCIS, have just completed the Digital Data Corridors for Ukrainian refugees' project which enables the cross-border movement of credit history of Ukrainians to seven countries. The Committee's Regional Consultative Groups are also working on cross border sharing of credit data across regions, with the Asean Regional Consultative Group having helped shepherd the sharing of data by credit bureaus in Cambodia and Singapore.

The growing prominence of alternative sources of credit such as embedded credit providers (Buy Now Pay Later) and digital lenders is driving growth of credit to the 'new to credit' and sub-prime customers. There is need for the credit reporting industry to refine their processes to enable them to deal with the high volume and high velocity of these short tenure loans. The Committee is monitoring the developments and working with stakeholders to promote comprehensive information sharing.

Over the past few years there has been an increase in the number of jurisdictions that are implementing regulatory and supervisory frameworks for credit information. The Plenary reiterated the need to ensure that the new regulations are proportionate and encouraged regulators to adopt the [Key Principles for Effective Regulation and Supervision of Credit Reporting Service Providers](#).

The use of Generative AI in credit reporting can provide benefits such as quick deployment of models but may result in limited personalization, privacy, misuse, and accuracy challenges which can exacerbate exclusion. Several issues such as responsible use of technology, explainability and fairness of models can emerge out of this. The Committee is monitoring developments in the area and will review whether there is need to revise the [Credit scoring guidelines](#), and the [Guidance note on responsible use of technology innovation in credit reporting](#).

### 3. Complementarity of public credit registries and credit bureaus.



There is also an increasing appetite of financial sector authorities to establish and expand the mandate of public credit registries. This has created an ongoing discourse on how the evolving role of public credit registries can be implemented in a manner that does not crowd out the private credit bureaus and increase compliance burden. The Plenary approved the Terms of Reference to a study to review existing models and proffer some recommendations, mindful of the different contexts that apply in different markets.

#### **4. Mid Term Strategy Review**

The members reviewed the 2020-25 Strategy to assess its progress and relevance in view of the changing global context. The Committee made some significant achievements during the period, including: 2 policy notes and principles on Catastrophic events and on Regulation and supervision of CRSPs; 7 working papers on alternative data, responsible use of technology, cross border, among other topics; and attending 14 conferences covering 4 continents and 800+ participants. The Committee was able to pilot 2 guides in 6+ countries and is working towards improving visibility, expanding membership, and incorporating evolving global priorities in the work program ahead.

#### **5. ICCR work programme**

Following the review of the strategy and current developments, members agreed on the priorities of the programme for 2023-2024 as follows: (i) enhancing monitoring of evolving environment social and governance regulation and implementation of existing standards, (ii) increase emphasis of work on pilots, (iii) improving the visibility of the Committee by engaging in regional activities, among other initiatives, (iv) commence policy work on public credit registry and private credit bureau complementarity and the collection and use of sex dis-aggregated data and (v) enhancing the representation in the membership of the Committee.

#### **About ICCR**

The role of the International Committee on Credit Reporting (ICCR), hereafter referred to as the 'Committee', is to promote safe and efficient credit information sharing that facilitates responsible access to credit and supports the stability of financial systems. On an ongoing basis, the Committee develops standards, principles, policy guidelines, best practices and notes that are designed to strengthen the policy, practices and regulatory oversight relating to credit information sharing and related activities.

Its membership is constituted of financial sector standard setting bodies, international finance organizations, central banks and regulatory authorities, supra national authorities, credit registries, and regional associations of private bureaus who are part of the credit reporting ecosystem. The Committee is also in the process of implementing Regional Consultative Group across all the regions of the globe. Current membership is 28 comprising of 11 Central Banks from G20; 4 other financial and data privacy regulators; 5 multilateral organizations; 7 regional service providers associations from US, Europe, Asia, Latin America, and Africa.

The current chair of the Committee is Jean Pesme, Global Director of Finance Competitiveness and Innovation, World Bank Group. The World Bank Group hosts the Secretariat.

#### **Enquiries**

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