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On how the credit bureau is working to improve the lending environment

What steps have been taken to establish the first credit bureau in Jordan, and what are your plans to reach full operation?

AMOUDI: The credit bureau started operations by collecting data from several financial institutions in January 2016. Banks have been highly receptive and cooperative, and by October 2016 the credit bureau was affiliated with more than 15 out of 25 entities in the segment. The commitment of banks and the support received from the Central Bank of Jordan (CBJ) show great understanding of the challenges associated with accessing credit in the country, specifically with regard to small and medium-size enterprises (SMEs).

Indeed, the process of extending credit to small businesses is complicated and needs to be made more efficient. Banks have to coordinate with various institutions in order to get crucial information, such as legal cases and previous loans. Consequently, the purpose of the bureau is to make most of this information accessible to credit providers within a centralised one-stop shop.

However, banks are not the only establishments offering loans on the market. The objective of the credit bureau is to encourage all credit companies to contribute to its database. This applies to leasing companies and microfinance institutions, and that is why we've started to approach and work with more entities from these segments. As part of this strategy, for example, credit card companies were acknowledged by the CBJ a few months ago.

How could the credit bureau strengthen the financial services sector and improve transparency?

AMOUDI: Jordan's banking system is already very transparent with strong fundamentals. However, it is a much more difficult task for the CBJ to know all the companies that give credit and the global amount these credits add up to. In the current situation it is also impossible for the regulatory bodies to have a precise idea of the terms and current interest rates for these loans on a national scale. It has become quite clear that without this information, it is highly challenging to protect both credit companies and consumers, as well as adopt an accurate regulation framework.

This is why leasing and microfinance companies are now a decisive part of the credit bureau's strategy. Gathering information from these companies will allow the authorities to structure the market and ensure its stability in the medium to long term by establishing global supervision and new regulations. By doing so, this segment will help boost access to credit – especially for small businesses – and contribute to economic growth across all sectors and governorates.

In what ways are you helping facilitate credit access for small businesses and improving the ease of doing business?

AMOUDI: Access to credit is a major challenge in Jordan – especially for small businesses – mostly due to the fact that there is both a lack of collateral and previous customer history available to lenders. However, many efforts have been deployed in recent years to overcome this issue with the implementation of several funds and loan guarantee facilities, among

other aids, which are dedicated to either giving or guaranteeing loans for innovative small businesses. Therefore, the main challenge is to build up a global enabling environment that incentivises SMEs to invest more and expand to other markets in the region.

Microfinance interest rates, which are currently very high, are a good example of the need for a better lending environment. By establishing a structured market and improving access to information for creditors and consumers alike, these rates are very likely to come down progressively over time. Risks will be reduced across the board for all actors involved, allowing the microfinance segment to become more competitive and to transform into a key segment within the local financial services sector.