

# Landmark credit bureau to see light of day

By Van Anh

Vietnam's first private credit bureau is ready to provide services after its completed selection of an international strategic partner.

The PCB Investment Joint Stock Company, with Vietnam's 11 leading commercial banks holding a 70 per cent stake in the company, last week signed strategic partnership with banking credit information market leader CRIF.

The banks are Vietcombank, BIDV, Vietinbank, Sacombank, ACB, Anbinh Bank, Dong A Bank, Techcombank, Saigon Bank, VP Bank and VIB. These banks hold about four fifths of the market share in Vietnam's banking sector.

Established in 1988 in Italy's Bologna, CRIF is currently the

market leader in continental Europe in the banking credit information field and one of the main international players for business and commercial information services. More than 1,700 banks and financial institutions worldwide use CRIF services on a daily basis.

The strategic partnership agreement between PCB and CRIF, enables the Italian firm to hold 20 per cent of PCB's shares, while the latter is committed to transfer technical solutions and business expertise to the former.

The new agreement will enable the company to provide credit lines to small and medium-sized enterprises (SMEs) and individuals available for its members and customers including credit institutions and insurers in Vietnam.

The PCB is a unique private

credit company in Vietnam, as the State Bank's Credit Information Centre is the only state-owned credit information entity focusing on large and medium-sized enterprises and credit institutions. The initiative to establish a private credit bureau in Vietnam was promoted by the World Bank's financial arm IFC.

PCB was established in December 2007 with a charter capital of VND50 billion (\$2.6 million). The delay in the roll out of the company's services stems from a lack of Vietnam's legal framework. Under the Decree No10/2010/ND-CP on credit information operations issued in February this year and the Circular No16/2010/TT-NHNN issued in April providing guidance for the implementation of the decree,

the decree reads that a private credit bureau must have at least 20 commercial banks as credit information providers. However, these banks are not allowed to provide information for any other credit rating company.

PCB's services will focus on sharing credit lines to member credit institutions, supporting credit institutions in retail services and help SMEs access loans in Vietnam and abroad.

The availability of a credit history will allow for enterprises' easier access to credit, allowing them to obtain more favourable conditions. Vietnamese banks and financial institutions will be more confident in their management of the financial exposure of consumers and can avoid excessive risk assumption.

"The availability of a full positive credit report can prevent the risk of over indebtedness, protecting borrowers and lenders, thus indirectly the whole Vietnamese economy. The lack of information is pushing banks to reduce the financing towards both companies and consumers," said Carlo Gherardi, CEO of CRIF.

"Thanks to regular and frequent updates and the focus on reports containing all available credit information, lenders will be better able to assess the creditworthiness of consumers prior to entering into a credit agreement through a comprehensive picture of the credit status of applicants. At the same time, consumers will get better advice and be offered credit products which consider their ability to repay," he added.