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Executive Perspectives on European Business in China



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Enrico Lodi

CRIF



CRIF Group Worldwide supports more than 1,800 banks and financial institutions, over 25,000 business clients and provides reports and information on over 150 million companies worldwide. Enrico Lodi, General Manager of CRIF's credit services bureau, talked to EURObiz about the rising need for credit reporting in China.

EURObiz (EB): How does CRIF approach its business here in China?

Enrico Lodi (EL): CRIF is a global company specialising in the development and management of credit reporting, business information and de-

cision support systems, operating over four continents (Europe, America, Africa and Asia) and serving customers in 40 countries.

CRIF also works with local governments and central banks to improve a country's financial systems, as a sound basis for development of corporations and Small and Medium-sized Enterprises (SMEs).

Since 2008 CRIF has been operating in China through Huaxia CRIF China, a joint venture with Huaxia International Credit Group, offering consumer loan management, debt collection, decision support solutions and pre-employment screening to the Chinese domestic market.

In addition, in 2011 CRIF established CRIF Beijing to provide credit risk management solutions to Chinese retail banks, consumers and automobile finance companies. With offices now in both Beijing and Shanghai, CRIF provides decision support systems and software solutions to help local banks and financial institutions to develop more efficient and innovative retail lending procedures and processes; from customer targeting and acquisition, to portfolio management and debt collection. Thanks to CRIF services, Chinese financial institutions are able to respond faster and more effectively to the challenging and ever-changing demands of the customer, the market and regulatory bodies.

CRIF leverages on its international experience in the development of decision support systems for credit risk management and marketing strategies, and combines this with local know-how in order to meet the specific needs of the Chinese market.

Eb: What is the biggest business issue that the two sides face?

EL: The main issue is: will the fair enforcement of reciprocal business rules be able to create real win-win opportunities?

Eb: From your perspective then, where are the best opportunities for European industry in China?

EL: As far as CRIF industry is concerned, the biggest opportunity is related to the shortening time to market. Chinese financial institutions

could take advantage of solutions already implemented in Europe to solve similar problems.

Specifically, the tightening of credit policies for SMEs and small businesses require the financial institutions to change focus from the volume of credit to the quality of credit, and these are key factors where CRIF supports local institutions and local banks.

Finally, as in China the consumer credit market is growing rapidly and offers challenging opportunities for further development, CRIF's strategic decision to position itself in Asia in the fields of integrated and advanced analytics, IT solutions and consulting services, supporting banks and financial institutions in customer acquisition and credit portfolio management.

Eb: How can Europe make itself more attractive for Chinese investment? Or what would encourage greater investment in China?

EL: As mentioned earlier, the fair enforcement of reciprocal business rules is the starting point. Additionally, an open-minded approach as far as knowledge transfer is concerned. Many European companies have strong know-how to share with Chinese companies, which have to understand their cooperation for the legalisation of such know-how is part of the success of the deal. This is especially true as far as our industry is concerned.

Eb: What do you think is the greatest misunderstanding of China in Europe?

EL: The common opinion in Europe is that China is an incumbent competitor and vice-versa. This is the view of people not having had direct contact with each other. We strongly believe that this is not true: China and Europe are complementary; there is room for enhancing cooperation in a fair way.

Eb: What kind of clients does CRIF serve in China? How does

the business differ between Chinese and MNC customers?

EL: CRIF provides services mainly to retail banks and financial institutions, supporting them in managing the credit lifecycle, from customer acquisition to loan underwriting, to portfolio management and debt collection. Common retail financial products such as home loans, credit cards and overdrafts can then be managed using CRIF solutions.

The MNC presence in this industry is still focused on consumer and automobile finance, while most international banks are either focused on corporate banking or reinforcing their presence in the retail segment being (minority) shareholders of local commercial banks.

Eb: CRIF has had a long collaboration with several central banks in emerging economies. Please tell us how those relationships developed, and how you work together with them?

EL: CRIF is the largest credit bureau in continental Europe and runs credit bureaus directly, or provides the technology central banks in more than 10 countries around the world including Asia. CRIF is also a member of several credit reporting industry associations, and is then able to provide consultancy and knowledge transfer to central banks of emerging economies in the area of credit reporting and credit bureau management.

In China, People's Bank of China manages the credit bureau and has been able to establish very successfully the national credit reporting system in an extremely tight timeframe. CRIF, both as a company and as a member of industry associations, continues to promote knowledge transfer and information exchange with central banks. **Eb**