

## Credit reference bureaus will increase your chances of getting a bank loan

You should maintain a good borrowing record for your business, because banks are now lending money by looking at the credit scores of borrowers.

Credit scoring is being done by three credit reference bureaus (CRBs) that are licenced by the Central Bank of Kenya.

They include Metropol Credit Reference Bureau Ltd, Creditinfo Credit Reference Bureau Ltd, and Credit Reference Bureau Africa Ltd. Metropol Credit Reference Bureau is currently running a programme to help SMEs get a simple score for introduction to lenders.



CRBs have become a preference for banks because they make it easier to make faster and more accurate decisions on whether or not to lend money to a borrower based on credit scores. According to the Central Bank, CRBs are regulated under banking (credit reference bureau) regulations, which were put in place in 2009.

"The work of the CRBs is to collect, manage and disseminate customer information to the banks," Jared Getenga, the chief executive officer of the Association of Kenya Credit Providers, said. He says SMEs need to ensure they are properly registered with CRBs because all banks are now sharing credit information in order to expose defaulters.

"Going forward, the scores of the consumer of loans will be playing a key role in credit access. If you receive your credit report and realise the bank has not submitted it to the CRBs, you have an obligation to demand the data be submitted," he continued. "Whatever little information about the SME should be with the bureaus. SMEs should also access their free credit report to check what is in the bureau about them."

He says SMEs should ensure any positive information about their previous loans is properly captured by the CRBs in a bid to be rated in a way that will ease the borrowing process in future. "The SMEs that think their credit score data is inaccurate are free to go to the alternative dispute resolution center at the Kenya School of Monetary Studies (in Nairobi) and they will be assisted to correct the data," Getenga said.

CRBs mainly record negative credit information if a borrower fails to repay loans promptly. Getenga advises

SMEs to seek a review of the agreement with the lender when they realise the loan terms are not favourable in a bid to avoid defaulting. "SMEs that have negative credit reports should not panic because there are banks who are willing to offer credits as long as you explain the circumstances under which you defaulted," he added.?

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