



RESERVE BANK OF VANUATU

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IFC Collaborates with Reserve Bank of Vanuatu for Successful Comprehensive Credit Reporting Workshop

The Reserve Bank of Vanuatu (RBV) recently conducted a two-day Comprehensive Credit Reporting educational and awareness workshop on January 31st and February 1st. The workshop was attended by 130 participants from regulated banks, lending institutions, insurance providers, telecommunications companies, utility providers, micro lenders, and key government stakeholders, as well as senior RBV staff.

At the opening of the workshop, Mr. Tony Sewen, the Acting Director General, on behalf of the Minister of Finance, Mr. John Salong, expressed the government's support for the adoption of Comprehensive Credit Reporting in Vanuatu. This initiative aims to improve the lives of citizens by implementing global best practices and enhancing the existing credit bureau services. Comprehensive Credit Reporting has been proven to increase financial inclusion, especially for women and self-employed individuals. It is expected that improving the quality of credit across the lending sector will enhance financial stability and provide RBV with additional information for their prudential oversight functions.

Vanuatu currently operates a negative-only credit reporting bureau, which has served the country well. However, Vanuatu is now seeking to adopt international best practices by allowing the sharing of payment history data with the borrower's consent. The credit bureau membership will be expanded to include banks, non-bank lenders, major retailers, microfinance institutions, insurance providers, and utility and telecommunications companies.

Since September 2021, RBV has been working closely with the International Finance Corporation (IFC) to develop this initiative. A steering committee was established, led by Acting Governor Vari, and included key stakeholders from the banking and lending community, as well as the Civil Registry and Identity Management (CRIM). Extensive consultations were conducted to draft a legislative and regulatory framework that aligns with Vanuatu's norms and values. The project is now in its final phase, which involves introducing a simple amendment to the Financial Institutions Act. This amendment will enable RBV to issue regulations for licensing and governing the credit bureau's operation and supporting comprehensive credit reporting.

Over time, the adoption of comprehensive credit reporting is expected to reduce borrowing costs by providing lenders with key data for improved risk-based allocation and pricing of credit. Additionally, it will offer citizens quicker, cheaper, and easier access to credit.

Individuals will have the ability to dispute inaccurate or incomplete credit data, monitor their credit histories, and prevent instances of over-indebtedness. The initiative will also address fraud prevention, identity theft, and cross-border sharing of credit information. RBV plans to launch an education and awareness campaign to highlight the benefits of maintaining a good credit record.

RBV expressed its gratitude to the IFC/World Bank Group and their supporting donors, specifically Australia's Department of Foreign Affairs and New Zealand's Ministry of Foreign Affairs, for their support. Vanuatu is one of three jurisdictions, along with Papua New Guinea and Solomon Islands, embarking on strengthening their financial infrastructure through comprehensive credit reporting.

This statement has been jointly issued by the International Finance Corporation in partnership with the Reserve Bank of Vanuatu.