

**Credit Bureau Launch
British Colonial Hilton**

**Remarks by Deputy Prime Minister, Hon. K. Peter
Turnquest
24th January 2020**

I am very pleased to be here at this launch event for The Bahamas' credit bureau, and to welcome the CRIF Bahamas team to our shores.

Under the Government's near-term strategic objectives, concluding the establishment of a credit bureau has been one of the anticipated reforms that would propel The Bahamas much higher in the global ranking on the "Ease of Doing Business" index. While I recognize that, there is more work ahead, today, we make tangible progress.

More importantly, this is another important step in securing our financial standing as individuals and as a nation with respect to identifying and reducing our exposure to unsustainable credit risk and unbearable financial debt, as it forces both consumers of debt and providers of loans, the tools to be more responsible

and to consider individual circumstances in granting credit. It will encourage truth in lending and other consumer protection mechanism aimed at protecting the most vulnerable in our society who may lack the financial literacy tools to make wise choices and as a result lock themselves into a never ending cycle of debt, borrowing and financial hardship.

The credit bureau is the essential component for our financial system that is expected to add greater transparency to the process of providing credit to both businesses and households. It will help to inform judgements about the volume and cost of credit which borrowers should be entitled to, and as a result, stimulate the expansion or granting of credit, thus empowering consumers and business entities alike.

One of the objectives of the Credit Bureau is to ensure that more funding flows to those most deserving borrowers in our economy, while providing more informed justification for financial institutions to limit exposures to riskier prospects. This speaks to greater efficiency in the functioning of our credit markets, and improved financial inclusion prospect for many

more persons and businesses as the access and cost of credit should reflect the degree of assessed risk.

As with any change or innovation, acceptance, reliance on and utilization of the Credit Bureau will require public education and support. I expect that The Central Bank will work closely with CRIF Bahamas to dispel any misconception that a credit bureau is aimed solely at protecting the interests of the lenders or even the government.

As I said earlier, this development will help protect the interest of borrowers as well, as it will eliminate a lot of the subjective decisions around credit approvals and pricing of financial products borrowers should be entitled to as a result of their credit scores, and it will help reduce the present high non performing loans on the books nationally, thus strengthening the overall financial system for both financial institutions as well as retail stores who offer financing options.

More complete disclosures around the level of debt that households and business are carrying, as well transparency around track records in honouring past obligations, is also expected to encourage a measure of increased accountability and prudence in how financial affairs are conducted. This is a good outcome, especially in an environment where, on average, families need to build up higher financial net worth.

In recent years, the credit environment in The Bahamas has been sluggish at best in terms of growth coupled with elevated non-performing loans. In order that lending can resume at a less tentative pace, the information upon which lenders rely to provide credit has to improve and a reliable database reflecting relative risk of potential borrowers is an essential tool in a risk averse society.

I am particularly encouraged by initiatives that are foreshadowed by CRIF to help those aspiring to operate or expand micro and small businesses, to build up a track record that would demonstrate their creditworthiness; and in many instance help them gain access to debt financing for the first

time, essential to MSME sector growth and to satisfy the increasing demand being generated by the SBDC.

Ladies and gentlemen, the licensing of CRIF Bahamas and the work to launch the credit Bureau was no overnight achievement. It followed research and debate with market participants and extensive dialogue between the Central Bank, the Government, the commercial banks and other private sector stakeholders. I congratulate and applaud of all these key stakeholders for their persistence in getting us to this point.

It is important too that we acknowledge the valuable technical assistance that The Bahamas received from the International Finance Corporation (IFC) of the World Bank Group, under its Caribbean Credit Bureau Project—a (five-)year IFC project for credit bureau development in the English-speaking Caribbean funded by the Canadian International Development Agency (CIDA). The IMF was also supportive through the Caribbean Regional Technical Assistance Centre (or CARTAC). This work documented a relevant understanding of the Bahamian business environment, including our data protection

standards and codes, and culminated in the credit bureau legislation that was passed into law in 2018, and the supporting regulations that were issued at the beginning of 2019.

I wish to close by encouraging all stakeholders to lend their support to this reform, especially given its systemic importance to the Bahamian economy. The establishment of a credit bureau will be an important and integral step toward an improved credit culture in The Bahamas. In order to function in a stable and sound system, it is important that financial institutions have reliable information on which to base their lending decisions, and to safeguard the interests of depositors.

I want to encourage consumers likewise to embrace this development as it will ultimately lead to personal benefit in more access to and cheaper financing, reliable and transparent granting of credit, and overall improvements in personal and national financial health. They should know that the protection of their data is a paramount concern and all assurances have been given in this regard. The Data Protection Commissioner,

who is here today, is fully engaged and will be vigilant to ensure every possible safeguard is in place and observed.

On behalf of the Government I again welcome the CRIF team to The Bahamas and wish you every success as you work with us toward implementing this very important reform to our financial sector.

Thank You.