

**FIDN Credit Information System Subcommittee
Objectives and Work Plan**

I. Introduction to the Financial Infrastructure Development Network (FIND)

The Financial Infrastructure Development Network (FIDN) is a specialized subgroup within the Asia Pacific Financial Forum (APFF), an APEC Finance Ministers-sponsored platform for public-private collaboration to accelerate of capital market integration and financial infrastructure development.

The Credit Information Systems (CIS) subgroup of the FIDN promotes an enabling environment within MSME and consumer finance for economic development and inclusive growth. The APEC Business Advisory Council (ABAC), partnering private sector organizations, the World Bank Group and the OECD, will collaborate with and be supported by a broad range of institutions including international organizations, public sector bodies, private sector firms, and academic entities within interested economies.

Through workshops, direct policymaker outreach, dialogues and studies, the FIDN will:

- help to **provide a vision and strategic direction** for addressing hurdles associated with the development of effective and inclusive CIS in the Asia Pacific region;
- **promote legal frameworks for CIS** based on the World Bank's General Principles of Credit Reporting;
- **develop model language** for regulations governing the sharing of public data with CIS among participating economies;
- **map the terrain of non-financial data** for financial access and responsible lending;
- **develop and pilot beta data systems** for agricultural and retail supply chains for risk assessment among other activities;
- **formulate best-fit models of regulation** and regulatory oversight;
- **create a common data format/dictionary** for APEC based on the data collected by CIS; and,
- **conduct feasibility analysis** on the benefits and challenges of linking the CIS databases of APEC members to form a regional credit information network.

Membership in FIDN is open to any relevant public and private entity that can significantly contribute to the fulfillment of FIDN's mandate and whose membership is consistent with APEC and APFF principles and practices. Membership of qualified institutions and individuals shall be confirmed by the APFF Chair or his duly

designated representative in accordance with APFF's inclusive nature. Membership is voluntary and participation in activities is on availability basis.

II. FIDN Objectives

The CIS substream of FIDN will strive to ensure that all APEC member economies have credit reporting systems that are well functioning, comprehensive, full-file and inclusive (including the development of non-financial data sharing). Additionally, FIDN also will promote the development of rational, effective regulation and regulatory oversight that recognizes the different policy imperatives of different economies, striking economy-specific balances between consumer protection, privacy, financial inclusion, safety and soundness, and economic development.

III. FIDN Activities

A. Legal frameworks for CIS based on the World Bank's General Principles of Credit Reporting

FIDN will work with interested member economies, such as the Philippines and Mexico, to reform and implement frameworks that best conform to the General Principles. In the course of these engagements, FIDN will offer expert and practitioner perspectives and input to regulators.

B. Development of a model language for regulations governing the sharing of public data with CIS among participating economies

For economies that are newly undertaking the development of CIS (e.g. developing private credit bureaus), FIDN will provide assistance in the drafting of model language for regulatory statutes that protect consumers and govern the use of sensitive data. We will work with policymakers to help identify the best approach given an economy's legal framework, providing models of, e.g., where and omnibus approach or a financial sector specific approach would work best given policymaker priorities and objectives.

C. Formulation of best-fit models of regulation and regulatory oversight

In addition to assistance with statute, FIDN will, through workshops and direct outreach, work with regulators and industry to develop effective implementing regulations and shape models of regulatory oversight that best fit an economy's priorities and regulatory capacity. We will present case studies of approaches to

oversight, examining issues such as examinations vs. audits, self-audits vs. third party, and regulatory monitoring and evaluation.

D. Mapping of terrain of non-financial data for financial access and responsible lending, including the development of data systems for agricultural and retail supply chains for risk assessment among other activities

Among FIDN's objectives is the development of an *inclusive* financial infrastructure, that is, one that captures and extends services to the excluded and the underprivileged. A fully inclusive infrastructure will help address hurdles in agricultural financing and MSME financing through the creation of CIS that comprises data covering these sectors. Towards the goal of inclusion, FIDN will support policymaker efforts to include non-financial data in credit bureaus, including data from publicly owned service providers.

FIDN will also work with the stakeholders to help create a data system from trade and supply chain activity, especially in agriculture and retail, in order to support a system of underwriting for these poorly served segments. To help meet this objective, FIDN will facilitate beta tests of alternative data CIS in several member economies focusing on MSMEs including smallholder farmers.

E. Creation of a common data format/dictionary for APEC based on the data collected by CIS

FIND will also work with multilaterals, industry leaders, regulators and trade associations to develop a common set of definition for the core data elements in a CIS. Relative standardization of definitions can go a long way to accelerate the development of comprehensive, full-file and inclusive credit reporting by permitting economies of scale in the pursuit of financial literacy and the production of value added services.

F. Feasibility study on the benefits and challenges of linking the CIS databases of APEC members to form a regional credit information network

In the wake of rising labor mobility, there are some benefits to linking CIS databases of APEC member economies to enable the portability of data. There are legal, cultural, security, privacy, and economic concerns to doing so as well. FIDN will examine the pros and cons of creating a regional credit information network, working with regulators, multilaterals, technology providers and experts. The end product will be feasibility study for policymakers to assist in determining whether a regional credit information network has merit.

IV. FIDN Partnering Organizations

FIDN CIS activities are conducted under the auspices of the APEC Finance Ministers Process and the APEC Business Advisory Council through the Asia Pacific Financial Forum. For CIS, the Regional Steering Committee will comprise the APFF Coordinator, the IFC and the Asia Pacific Credit Coalition (“sherpa”) coordinated by PERC. Network Members will include:

- BIIA
- Credit Bureau Singapore
- Credit Information Center (Philippines)
- Credit Reference Center (PBOC)
- Credit Risk Database Association
- CRIF
- Dun & Bradstreet
- Experian
- Experian
- Fair Isaac & Company
- TransUnion