



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/nbfis/bp

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To: All Heads of Commercial Banks and Credit Service Providers

CLARIFICATION ON IMPLICATIONS OF CUSTOMER NEGATIVE LISTING ON THE CREDIT REFERENCE BUREAU

A Bank of Zambia recent review of conditions prevailing in the credit market has revealed, among others, that financial service providers are periodically denying credit to customers whose names appear on the negative list of the Credit Reference Bureau (CRB).

The practice has in effect turned the negative list into a blacklist which is being used as an automatic reason for denying customers access to credit. This is both unfortunate and undesirable because it goes against the intention of setting up the CRB and of compiling by this institution various credit related information. The Bank of Zambia would, therefore, like to urge all financial institutions to resort to using information stored on the negative list for its legitimate purpose. In this regard, financial institutions are expected to use this information for the purpose of minimizing information asymmetry which should then assist them to price credit more appropriately.

The Bank wishes to clarify that the information stored on the CRB, both positive and negative, is intended to provide a credit history of a particular client upon which credit should be priced. Notwithstanding, the credit reporting system does not prevent financial service providers from conducting a prudent and comprehensive credit assessment of an applicant.

In accordance with Guidance Note No. 1 of 2014 and the Banking and Financial Services Act, (Provision of Credit Data and Utilisation of Credit Reference Services) Directive 2008, the Bank expects finance service providers to comprehensively utilize both positive and negative information on the CRB register.

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DEPUTY GOVERNOR – OPERATIONS

Cc Governor