



BANK OF GHANA

(FINANCIAL STABILITY DEPARTMENT)

CREDIT REPORTING ACTIVITY

ANNUAL REPORT

2022

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Abbreviations

BoG	Bank of Ghana
MFIs	Microfinance Institutions
RCBs	Rural and Community Banks
NBFIs	Non-Bank Financial Institutions
FH	Finance Houses
MC	Micro Credit Companies
SDI	Specialised Deposit-Taking Institution

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1. Introduction

The year 2022 recorded a 30.2 per cent nominal growth in bank's total outstanding credit portfolio compared to 12.6 per cent in 2021.

This significant increase amidst both local and global economic constraints, posed significant risks to the banking sector as banks attempted to maintain asset quality within recommended limits. The credit reporting system therefore supported the banks in this direction with the provision of credit reports for prudent credit decision making.

This was evident in the increase in total credit reports generated by banks and Specialized Deposit Taking Institutions (SDIs) during the year under review. Furthermore, the year also witnessed increased participation of SDIs in the credit reporting system, in terms of data submission and usage. This was due to the enhanced enforcement on the part of the Bank of Ghana, through cautioning and sanctioning of some defaulting financial institutions.

The Bank of Ghana also monitored credit bureaus and financial institutions to ensure compliance with Act 726 and other directives issued by the Bank. This monitoring process covered areas such as data provider operations, data quality and protection, dispute resolution, submission of reports, application of sanctions and other incidental matters.

This report presents the performance, key developments and trends observed in the credit reporting system in the year 2022.

2. Developments in the Credit Reporting System

The credit reporting system requires constant review to ensure that measures are put in place to accommodate evolving and sophisticated credit products and services. The Bank of Ghana therefore continued to engage relevant stakeholders during the year to provide solutions to emerging challenges that confronted the credit reporting system.

The following are some developments recorded in 2022 with the support of key stakeholders:

2.1. Revocation of Credit Bureau Licence

The credit bureau licence of HudsonPrice Data Solutions Limited was revoked by the Bank of Ghana in November 2022 pursuant to section 11 of Act 726. The revocation of the company's licence was due to persistent non-compliance with the provisions of Act 726, the Credit Reporting Regulations, 2020 (L.I. 2394) and other Bank of Ghana directives.

The Bank of Ghana, following critical assessment of the activities of the company, concluded that the company's continuous existence posed a significant risk to the integrity, security and effectiveness of the credit reporting system, as well as the safety of borrowers' credit information.

The Bank of Ghana consequently took possession of all credit data in the custody of the company in accordance with Act 726.

2.2. Developments in the Designated Data Providers Space

A total number of twenty (20) institutions and companies were designated by the Bank of Ghana as data providers and authorized users of the credit reporting system compared with nine (9) institutions and companies in the previous year.

These institutions (**Annexure A**) became eligible to participate in the credit reporting system in line with L.I 2394 and satisfied the Bank of Ghana's procedures for protecting the use of credit bureau data. The addition of these institutions will enhance the credit information sharing system and present a more holistic view of the credit exposures of consumers.

The Bank of Ghana in collaboration with Legacy Bond Limited (LBL) and the Ghana Association of Banks (GAB) began a process to enrol Petroleum Service Providers (PSPs) comprising the Bulk Import, Distribution & Export Companies

(BIDECs), Oil Marketing Companies (OMCs) and other retailers in the petroleum downstream sector onto the credit reporting system.

The objective of the participation of PSPs is to share trade credit information among themselves and financial institutions in order to eliminate perennial liquidity losses due to the lack of credit transparency within the petroleum sector.

The Bank of Ghana in its quest to ensure a robust and inclusive credit reporting system continued its engagement with quasi government institutions engaged in lending activities such as the Microfinance and Small Loans Centre (MASLOC) and Ghana Enterprises Agency (GEA) to be designated as data providers. It is expected that a successful enrolment of these institutions will complement the credit bureau data and also enable the institutions to improve upon their loan recovery efforts.

The Bank of Ghana also identified and is in the process of completing engagements with Pharmaceutical Companies engaged in trade credit transactions and Hire Purchase Companies.

2.3. Supervisory Activities

The Bank of Ghana in the year under review stepped up its credit reporting supervisory activities leading to an improvement in the level of compliance by Rural and Community Banks (RCBs) as well as Microfinance Institutions (MFIs). A total of sixty (60) Microfinance Institutions, eleven (11) Rural and Community Banks and four (4) banks were cautioned or sanctioned for various breaches. These sanctions led to an improvement in financial institutions compliance with Act 726 and its Regulations.

The Bank of Ghana however noted, the lack of credit checks in the appraisal and disbursement of digital loans provided by some financial institutions through mobile money platforms during the review year. This has the potential of negatively impacting non-performing loans. The Bank of Ghana is taking steps to ensure full compliance in the ensuing year.

2.4. Consumer Complaints

Complaints submitted to the Bank of Ghana relating to credit reports increased compared with the previous year. These complaints related to alleged inaccurate information on credit reports or failed attempts to rectify adverse information on credit reports due to unpaid or delayed loan repayments.

Payroll loan customers recorded most instances of these complaints as affected customers were unable to secure new loans as a result of delays in the repayment of loans by their employers or paypoints. These complaints are indications of lenders reliance on credit reports for credit decision making, as a number of potential borrowers with adverse credit reports were denied credit facilities.

2.5. BOG Collaboration with the International Finance Corporation

The Bank of Ghana in collaboration with the International Finance Corporation (IFC) under a cooperation agreement, assessed the impact of the Covid-19 pandemic on the Credit Reporting System and credit delivery during the year under review.

The assessment also included a diagnostic study on the state of digitization of smaller SDIs with focus on microfinance companies and micro credit institutions. The study concluded among others that, end-to-end digitization and automation of MFI operations, are hindered by the inability of some MFIs to deploy self-service technology to the entire spectrum of MFI borrower types, with low literacy levels.

The study further recommended MFIs to implement modern technologies, such as automated credit scoring or artificial intelligence in their credit administration processes.

The objective of the assessments was to support the development of a crisis proof credit reporting system and improve digitization among small lenders.

2.6. Introduction of Credit Scoring Regime

The Bank of Ghana, in collaboration with the credit bureaus, initiated discussions on the processes leading to the introduction of credit scoring to complement credit reports provided by credit bureaus. This development is on the back of the introduction of the Ghana Card that presents a unique identifier for credit information subjects. The Bank of Ghana in the ensuing year will ensure that financial institutions update existing credit information with the new Ghana Card information to facilitate the implementation of the credit scoring regime.

2.7. Public Awareness

The Bank of Ghana in the year under review issued a press release to caution the general public on the ramifications for failure to re-register SIM Cards that have unpaid mobile money loans on them. This was based on the observation that a section of the public deliberately refused to re-register their SIM cards with the intention of avoiding repayment of their mobile money loans.

In order to promote responsible borrowing and improve loan repayments culture among borrowers and potential borrowers, the Bank of Ghana provided education on the credit reporting system through the use of infographics, radio interviews and other public engagements. This information was also circulated on social media to ensure a wider coverage of the importance of loan repayments and its impact on chances to secure new loans.

2.8. Surge in Transfer of Loans from SDIs to Banks

The Bank of Ghana observed a number of instances where some loan customers of SDIs were taken over by Banks. These instances increased with payroll lending and resulted in a number of updates to credit reports.

The Bank of Ghana noticed some delays in the update of credit reports by some SDIs as a disincentive for loan transfers. This phenomenon also resulted in increased complaints to the Bank of Ghana in the year under review.

3. Industry Participants

3.1. Credit Bureaus

All licenced credit bureaus namely; XDS Data Ghana Limited, HudsonPrice Data Solutions Limited and Dun and Bradstreet Credit Bureau Limited, were involved in the collection of credit data and provision of credit referencing services to financial institutions.

The credit bureau services were patronized by the financial institutions in order to fulfil their credit appraisal and management processes, KYC and credit recovery procedures, in line with the requirement of the Credit Reporting Act, 2007 (Act 726). The Act compels all financial institutions licenced by the Bank of Ghana, to submit credit data and obtain credit reports from licenced credit bureaus before approval or refusal of credit facilities to prospective borrowers.

3.2. Financial Institutions

Banks generally complied with data submission requirements and actively used the services of credit bureaus. However, a few banks were sanctioned and cautioned for various infractions including late submission of data to credit bureaus and failure to conduct credit searches on all loan applicants.

Additionally, eleven (11) Rural Community Banks (RCBs) and sixty (60) MFIs were cautioned for non-compliance with the Credit Reporting Act and Regulations. Participation from RCBs and MFIs have however, improved compared to previous years.

3.3. Designated Data Providers

A total number of twenty-two (22) institutions and companies designated as data providers and authorized users of the credit reporting system were at various stages of full compliance.

4. Products and Services offered by the Credit Bureaus

The following existing products and services were provided by active credit bureaus:

- i. **Consumer Basic Trace Report:** This contains information on personal details, credit account summary, address history, guarantor details and telephone history. This is designed to help the lender in completing “know your customer” (KYC) documentation on the customer.
- ii. **Consumer Basic Credit Report:** This contains personal information, credit account summary, detailed credit facility status, and monthly payment behaviour.
- iii. **Basic Commercial Report:** It contains company registration details, directors and credit account summary. It is designed to provide background information on companies and basic information on credit exposure.
- iv. **Consumer Credit Report** – This contains the credit profile overview, credit profile summary, credit facility details, and demographic information. This report provides information on the credit exposure and repayment history of borrowers, and empowers lenders to make better credit risk decisions.
- v. **Commercial Credit Report** – This presents the credit history, demographic information and company profiles.

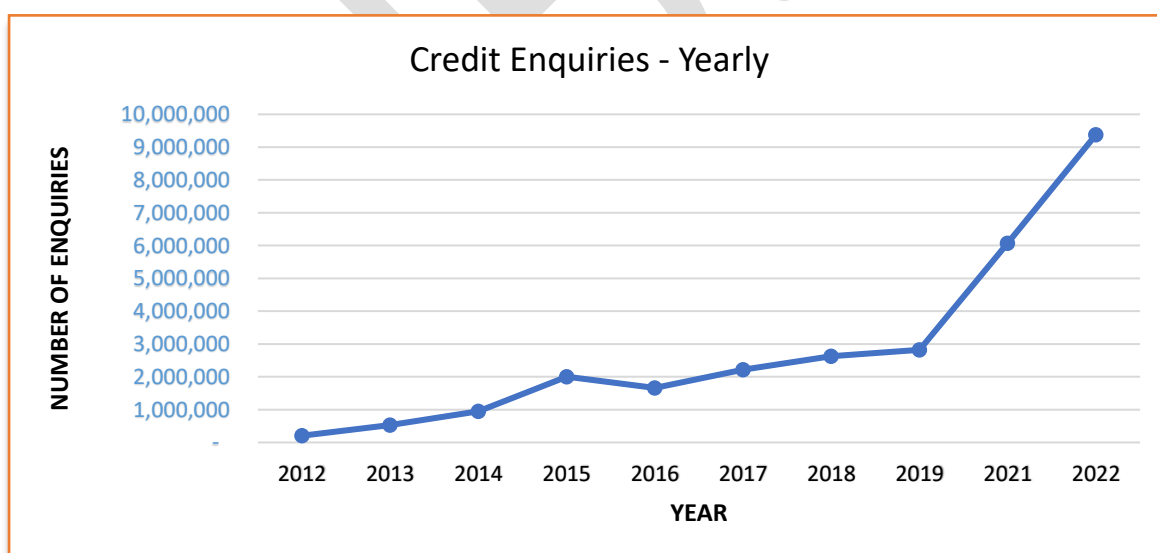
- vi. **Industry Reports** – These include a variety of products to enhance the Know-Your-Customer (KYC) procedures of financial institutions with respect to banks' business customers.

5. Credit Enquiries

Section 26 of the Credit Reporting, 2007 (Act 726) mandates licenced financial institutions to conduct credit searches on prospective borrowers prior to approving or denying credit facilities. A total number of **9,379,499** searches were conducted on the databases of credit bureaus in the year 2022 for various purposes. This represents an increase of 54.4 per cent from 6,075,052 searches conducted in 2021.

The use of credit reports in the processing of mobile money loans and other digital loan applications also witnessed an increase consistent with that of previous years.

Chart A: Trend in Yearly Enquiries



An average of 1,443,000 enquiries were conducted on a monthly basis by regulated financial institutions and authorised users in 2022. This represented an increase of about 185.0 per cent, compared with the previous year average enquiries of 506,254 on a monthly basis.

Table A presents a monthly distribution of enquiries conducted by types of financial institutions.

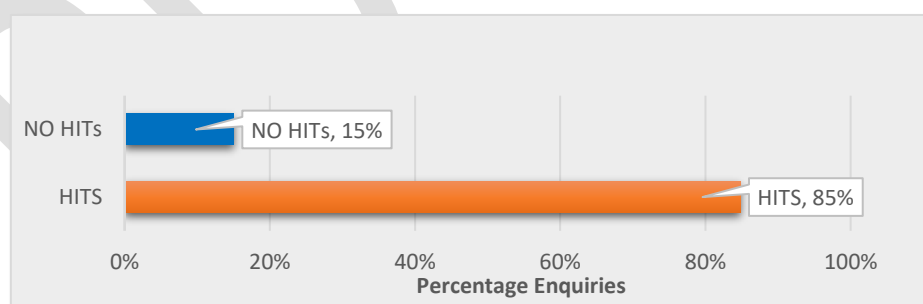
Table A: 2022 Enquiries per Institution Type

<i>Institution Type</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>TOTAL</i>
<i>Banks</i>	958,605	968,946	1,022,168	862,584	158,324	223,335	583,688	659,121	637,772	664,994	637,470	597,412	7,974,419
<i>Rural Banks</i>	14,026	18,506	22,192	20,753	20,608	20,813	16,979	18,808	23,115	24,943	26,088	27,676	254,507
<i>S&L</i>	36,357	41,920	52,056	43,277	42,221	45,052	34,944	43,633	51,679	53,349	59,919	49,930	554,337
<i>Finance Houses</i>	2,981	3,403	3,074	2,706	3,091	2,615	2,383	2,234	1,828	1,763	1,281	620	27,979
<i>Retailers</i>	309	626	653	451	672	600	1,486	995	869	630	891	342	8,524
<i>Credit Unions</i>	16	21	72	133	60	30	48	21	35	59	74	8	577
<i>Money Lenders</i>	5,620	6,978	7,328	7,128	59,596	62,116	7,439	8,986	81,730	92,851	90,141	93,941	523,854
<i>Government Inst.</i>	-	124	5	8	-	8	77	28	7	1	18	12	288
<i>MFIs</i>	2,041	2,364	3,621	2,676	2,102	3,038	2,971	3,131	2,520	3,657	4,242	2,651	35,014
TOTAL	1,019,955	1,042,888	1,111,169	939,716	286,674	357,607	650,015	736,957	799,555	842,247	820,124	772,592	9,379,499

5.1. HIT/NO HITS Searches

85.0 per cent of searches made by credit report recipients on credit bureau databases resulted in a Hit. This means that the searches returned some information on persons or institutions being searched upon. The returned information could be only demographic or both demographic and financial.

Chart B: Hit/No Hit Searches



This is an improvement over 2021 position of 54.0%. The improvement is attributable to high “hits”, recorded from mobile money loan borrowers. Additionally, the year recorded an improvement in data submission resulting in increased records in the databases of credit bureaus.

Table B presents yearly trend of hit/not hit enquiries and depicting an improved quality of the databases of the credit bureaus.

Table B: Hit/No Hit Enquiries – Yearly Trend

	2022	2021	2019	2018
Total Hits	7,962,633	3,300,078	1,732,628	1,743,469
No Hits	1,416,866	2,774,974	1,088,318	885,930
Total Enquiries	9,379,499	6,075,052	2,820,946	2,629,400

5.2. Credit Enquiries per Consumer type

A total number of 9,102,817 searches were conducted by authorised users on individual borrowers or potential individual borrowers in 2022.

Table C: Enquiries by Consumer Type

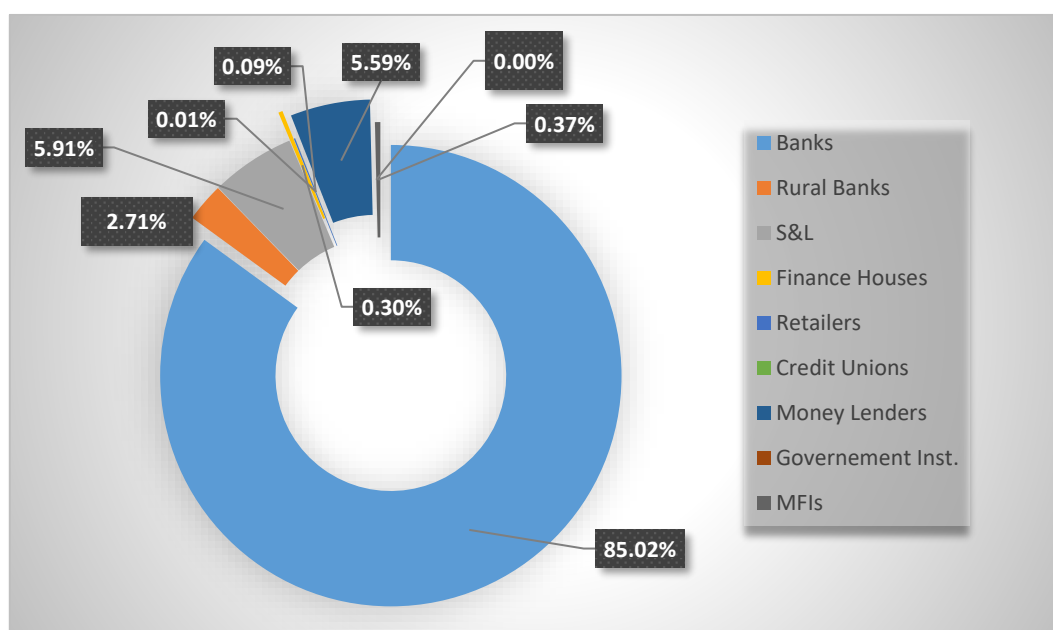
Consumer Type	Total Enquiries	Percentage
Individual	9,102,817	97.0%
Business/Corporate	277,315	3.0%

Searches on corporate loan customers or potential corporate borrowers increased by 179.9 percent from 99,069 searches to 277,315 searches in 2022.

5.3. Credit Enquiries per Institution type

Banks conducted a total number of 7,974,419 searches on credit bureau databases followed by Savings and Loans Companies and Microcredit institutions as indicated in the chart below;

Chart C: Sectorial Distribution of Searches in 2022



Banks continue to dominate in the provision of mobile money loans and payroll lending resulting in the high credit searches. Credit searches among Credit Unions declined significantly from 101,680 searches in 2021 to 577 searches in 2022. We noted that the decline was partly due to delays in Credit Unions' subscription to the services of other credit bureaus following the revocation of Hudson Price Data Solutions Limited's licence.

Table D below shows the trend of enquiries among the different institution types.

Table D: Sectorial Distribution – Yearly Enquiries

	2022	2021	2019	2018	2017	2016
BANKS	7,974,419	4,484,587	893,736	739,765	227,956	215,881
S&L and FH¹	582,316	725,299	1,583,249	1,569,032	1,793,372	1,300,053
RCBs	254,507	160,025	192,455	212,553	118,396	108,565
MFIs & MC	558,868	579,628	135,245	85,997	80,582	34,906
OTHERS²	9,389	125,513	16,261	22,052	2,005	1,319
TOTAL	9,379,499	6,075,052	2,820,946	2,629,400	2,222,311	1,660,724

¹ S&L – Savings and Loans Companies | FH – Finance Houses, Leasing Companies

² Retailers, credit unions etc

Credit searches among finance houses and savings and loans companies continued to decline. This is partly due to decline in credit applications as a result of stiff competition from banks in the provision of cheaper payroll loans which were hitherto seen as an SDI product.

5.4. Purpose of Enquiries

Section 26 of the Credit Reporting Act, 2007 (Act 926) mandates licenced financial institutions to conduct credit searches on prospective borrowers prior to approving or denying credit facilities.

97.7 per cent of searches conducted on credit bureau databases were for the purpose of credit administration.

Table E: Purpose of Enquiries

Purpose of Search	Number
<i>Credit Application</i>	9,165,571
<i>KYC</i>	7,709
<i>Loan Recoveries</i>	1,388
<i>Retail</i>	12,207
<i>Credit Bureau Searches</i>	79,937
<i>Rental</i>	19
<i>Guarantor Search</i>	111,638
<i>Employment</i>	1,030
TOTAL	9,379,499

Increase in payroll lending reflected in a surge in credit searches on guarantors of borrowers and potential borrowers. Credit searches for retail purposes are expected to increase in the ensuing year following the designation of other entities as authorized users of the credit reporting system.

6. Data Submission

An average of 3,820,194 records were submitted on a monthly basis to credit bureaus by regulated financial institutions. This was made up of 3,699,076 records on individual borrowers and 121,118 records of non-individual borrowers.

Banks submitted the highest number of records with a total of 1,579,601 average individual records submitted on a monthly basis to credit bureaus.

Table F: Average Monthly Data Submissions – Individual Loan Data

	2022	2021	2019	2018	2017	2016
Banks	1,579,601	1,070,921	577,084	1,087,630	751,501	600,543
S&L and FH	1,391,957	1,629,108	1,046,893	1,224,790	742,657	727,983
Rural Banks	282,308	345,070	182,196	145,473	88,414	40,016
MFI & MC	410,091	175,192	137,242	261,389	38,665	23,392
Others	35,118	65	-	-	-	-
Average TOTAL	3,699,075	3,220,356	1,943,415	2,719,282	1,621,237	1,391,934

Loan data submitted by SDIs declined. This is consistent with previous years following penetration of banks in their traditional line of business. Microfinance and microcredit institutions however, increased both individual and business loan records in the year under review.

Table G: Average Monthly Data submissions – Business Loan Data

	2022	2021	2019	2018	2017	2016
Banks	54,271	49,839	43,236	68,169	37,332	37,446
S&L and FH	37,603	607,649	9,077	20,659	25,771	8240
Rural Banks	13,259	9,762	25,213	2,999	1,170	344
MFI & MC	15,756	15,729	21,175	10,392	1,439	307
Others	229	805	-	-	-	-
Average TOTAL	121,118	683,784	98,701	102,219	65,712	46,337

6.1. Consistency in Data submission

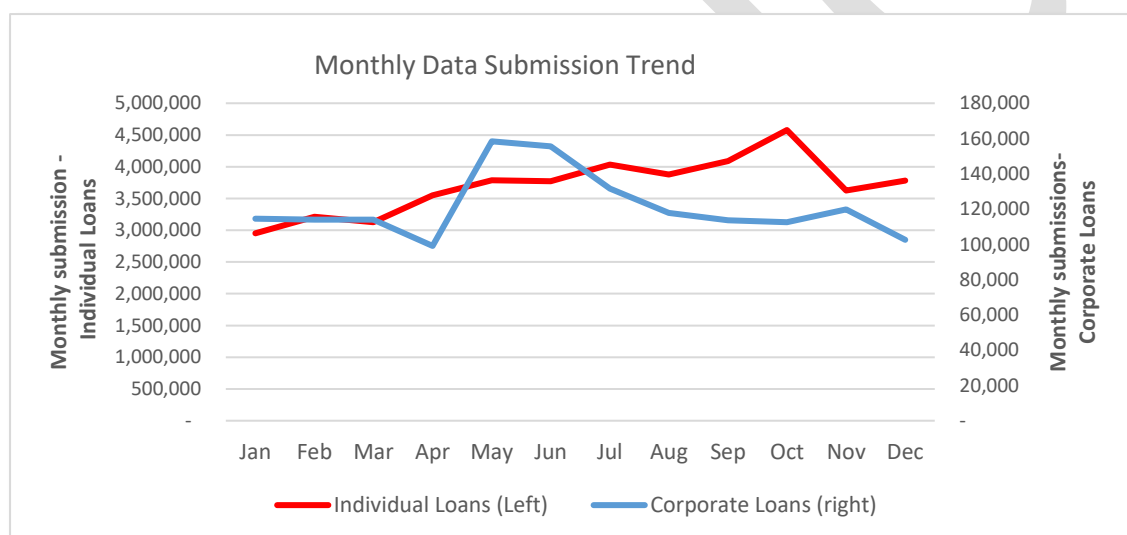
To ensure accuracy and integrity of credit reports, data providers are expected to submit data consistent with loan repayment behaviour and frequency of data submission to credit bureaus. In accordance with Act 726, data providers are required to update the credit bureaus on the status of loan

facilities of borrowers on a monthly basis. It is expected that credit records submitted to credit bureaus would follow one of the following trends:

- An increasing trend denoting an increase in new loans with less pay offs
- Reducing trend denoting more pay off and less new loans or
- Minimal fluctuations across months denoting random increase or decrease in new loans and pay offs.

Chart D below shows the monthly submission trend in 2022 and also depicts the state of consistency of data submitted to credit bureaus on a monthly basis.

Chart D: Variations in Monthly Data Submissions



As shown in the chart above, submission of data by data providers were fairly consistent as expected with the exception of variations recorded between April and June for corporate loan data.

The variations recorded in the later part of the year were consistent with the trend as most loans are retired close to year end.

The month-on-month variations recorded for individual loan data were attributable to short term repayment periods for mobile money loans provided by some lenders.

6.2. Dud Cheques

The Credit Reporting Act, 2007 (Act 726) requires financial institutions to submit to credit reference bureaus, data on dud cheques³ issued by customers of financial institutions.

Total number of dud cheques issued and submitted by banks to credit bureaus increased by 44.0% compared to the previous year. These submissions were made up of both first time and multiple offenders.

Table H: Yearly Distribution of Dud Cheques

Year	2022	2021	2019	2018	2017	2016	2015
No. of Dud Cheques	43,457	30,181	38,905	28,652	29,334	55,665	21,153

Out of the total number of 43,457 instances of dud cheques reported, 31,582 were issued by individual customers and the remaining 11,875 were issued by corporate customers of banks.

The information on issuance of dud cheques are displayed on the credit reports of offending customers which ultimately affect their credit worthiness.

7. Credit Bureau Data Statistics

As at end December 2022, credit bureaus held a total of 15,704,407 credit records in their databases comprising of 15,183,916 individual loan records and 520,491 corporate loan records.

Table I: Credit Information in Credit Bureau Database

Credit Information	
Total No of Consumer Records (Credit)	15,183,916
Total No of Commercial Records (Credit)	520,491
TOTAL	15,704,407

³ Dishonoured cheques due to insufficient funds in drawers' accounts

The credit bureau database has a total of **9,022,413** unique borrowers, with Individual borrowers accounting for 97.3 percent of total borrowers. This represents an average of two (2) facilities per unique borrower.

Table J: Unique subjects in Credit Bureau Database

Total Number of Unique Subjects	Number of Records
Individual	8,774,978
Corporate	247,435
TOTAL	9,022,413

8. Self-Enquiries

The Credit Reporting Act, 2007 (Act 726) provides data subjects the opportunity to obtain a free credit report once in a year from credit bureaus. This provision is to ensure that customers of financial institutions are aware of the information contained in their credit reports and to initiate corrections and updates where applicable.

A total of 501 persons requested for self-reports from the credit bureaus. These self-enquiries were mainly conducted by customers of financial institutions who had issues with their credit reports and needed to correct them.

Table K: Trend in Self Enquiries

		Number of Enquiries		
	2022	2021	2019	2018
Number of Free Reports	50	27	130	73
Number of Paid Reports	451	307	154	162
Total	501	334	284	235

The self-enquiries comprised 451 paid⁴ reports and 50 free reports. The trend shows an improvement over the previous year's records of 307 paid reports and 27 free reports.

9. Complaints and Resolutions

Complaints submitted by customers of financial institutions to Credit Bureaus reduced by 8.7% as shown in Table L below. The reduction is as result of decline in complaints relating to payroll lending recorded in previous years.

Table L: Trend in Complaints and Disputes

Year	2022	2021	2019	2018	2017	2016	2015	2014
Number of Complaints	5,904	6,467	4,763	2781	1,418	1,280	713	724

An improvement in the quality of data submitted to credit bureaus have also contributed to the reduction in complaints relating to inaccurate credit information on credit reports.

Annexure A

List of Designated Data Providers as at December 2022.

No	NAME
1.	A&C Development Company Limited
2.	Accra Mall Limited
3.	Agridev Real Estates Limited
4.	Bosten Investments Limited
5.	Club House Ghana Limited
6.	Delico Achimota Ghana Limited
7.	Delico Kumasi Limited
8.	Ernest Chemist Limited
9.	Fairlop Property Developers Limited

10.	Ghana Shippers Authority
11.	Grit Accra Limited
12.	Junction Shopping Mall Limited
13.	Marina Market Ghana
14.	Mr. Eric Nipah (Receiver of Defunct SDIs)
15.	PMO Ghana Limited
16.	Social Security and National Insurance Trust
17.	Takoradi Mall Limited
18.	West Hills Mall Limited
19.	Wofaz Investment Limited
20.	Zeepay