Competition Assessment of The Credit Reporting Market in Jamaica

June 2025

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ABBREVIATIONS

BOJ	Bank of Jamaica
CBDC	Central Bank Digital Currency
CCR	Comprehensive Credit Reporting (Australia)
CIC	Credit Information Corporation (Philippines)
CICRA	Credit Information Companies (Regulation) Act
CIPs	Credit Information Providers
CIS	Credit Information Services
CISA	Credit Information System Act
CIUs	Credit Information Users
CRA	Credit Reporting Act
CRB	Credit Reference Bureau
CRIB	Credit Information Bureau of Sri Lanka
CRIF	CRIF Information Bureau Jamaica Limited
FCRA	Fair Credit Reporting Act
GDPR	General Data Protection Regulation
HKMA	Hong Kong Monetary Authority
JMD	Jamaican Dollars
KCIS	Korea Credit Information Services
MoU	Memorandum of Understanding
NCA	National Credit Act (South Africa)
NFIS	National Financial Inclusion Strategy
OECD	Organisation for Economic Cooperation and Development
ROSCAs	Rotating Savings and Credit Associations
SCR	Credit Information System (Brazil)
UEMOA	West African Economic and Monetary Union (Union Économique et Monétaire Ouest Africaine)
UK	United Kingdom
USA	United States of America

EXECUTIVE SUMMARY

Introduction

This executive summary presents the findings of a comprehensive study conducted by the Fair Trading Commission (FTC) on the structure, performance, and regulatory framework of Jamaica's credit reporting industry. The study aims to assess the extent to which the framework promotes competition, protects consumer interests and enhances financial inclusion.

Market Overview

The credit reporting industry in Jamaica comprises three licensed credit bureaus: Credit Information Services (CIS), CRIF Information Bureau Jamaica Limited and EveryData Jamaica Limited.[1] Credit bureaus collect, manage and disseminate credit information from various data Providers to Users such as lenders, landlords, and employers. The industry plays a pivotal role in enabling risk-based decision-making in the financial sector.

Key Findings

1. Limited Competition and Entry Barriers

- Existing credit bureaus benefit from significant first-mover advantages due to exclusive data-sharing arrangements.

- New entrants face difficulties accessing comprehensive data, leading to competitive disadvantages.

- The lack of uniform data submission by Providers hampers market efficiency and innovation.

2. Consumer Protection Deficiencies

- A growing number of consumer complaints relate to inaccurate, outdated, or incomplete credit information.

- Dispute resolution processes are slow and lack transparency.

- The free credit reports made available to consumers are not user-friendly or easily understood.

[1] CIS has not generated a credit report since 2022.

3. Information Gaps and Financial Exclusion

- Many underserved borrowers are excluded from formal credit access due to limited data on their credit behavior.

- Informal credit arrangements (e.g., hire-purchase, partner plans) are not consistently captured by bureaus, perpetuating financial exclusion.

Policy Recommendations

Imperative	Description	Expected Outcome
1. Universal Data Exchange	Mandate that all Providers share data with all licensed credit bureaus.	Equal access to data; improved market competition.
2. Data Reciprocity	Require all Users of credit reports to also contribute data.	Reduces information asymmetry; broadens coverage.
3. Standardized Information Technology Infrastructure	Implement standardized systems for data exchange.	Enhances efficiency and lowers operating costs.
4. Enhanced Dispute Resolution	Establish binding standards and timelines for resolving consumer disputes.	Builds consumer trust; ensures data accuracy.
5. Inclusion of Underserved Populations	Mandate data submission from informal credit sources.	Promotes financial inclusion and access to credit.

Expected Benefits

- Estimated consumer savings of approximately JMD 54 million over three years.

- Increased competition and reduced costs in the credit reporting market.

- Expanded access to credit for traditionally underserved populations.

- Improved accuracy and reliability of credit reporting data.

Policy Options

Option 1: Maintain the status quo. - Least effective; issues persist.

Option 2: Implement Imperatives 2 & 4. - Moderately effective; fairness improves.

Option 3: Implement Imperatives 1–4. - Strong impact; competition improves.

Option 4 (FTC Preferred): Implement all five imperatives. - Most effective; comprehensive reform and inclusion.

Conclusion

The FTC's analysis underscores the urgent need for reform in Jamaica's credit reporting industry. The current environment restricts competition, limits data reliability, and excludes vulnerable populations. Adopting the recommended policy imperatives—particularly through Option 4—will foster a more inclusive, competitive, and consumer-friendly credit reporting ecosystem, enhancing economic opportunity and financial resilience across the nation.

I. INTRODUCTION

1. Financial intermediation improves economic welfare and is one of the pillars of a thriving modern society. At its core, financial intermediation facilitates critical economic activities such as consumption, investment, and sustainable economic growth by redirecting financial resources from future periods of surplus to the current period of deficit. In 2023, financial intermediation services added value at 151 billion Jamaican dollars (JMD), contributing approximately 5% to Jamaica's annual Gross Domestic Product.[2]

2. Critical to this process of financial intermediation is the financial system comprising lenders such as commercial banks, credit unions, building societies, microfinance companies, etc., which extend loans ('credit') and thereby allow individuals to exploit opportunities for investments and consumption that could not have been afforded otherwise.

3. At the end of December 2023, the stock of outstanding loans for deposit-taking institutions was recorded at JMD 1,424 billion. Of this amount, loans to local business clients amounted to JMD 512 billion, while loans to individuals and/or households were just under JMD 735 billion.[3]

4. Credit plays a pivotal role in driving demand for investment across various durable goods markets, including homes, motor vehicles, furniture, electronics, and appliances. Therefore, credit's role in enhancing consumer welfare cannot be overstated. The stock of residential mortgages held by deposit-taking institutions was recorded at JMD 434 billion at the end of June 2024.[4] Credit also plays a pivotal role in driving demand across economic sectors, including agriculture, manufacturing, construction, tourism, food and beverages, and entertainment.

5. By allowing individuals to access consumption goods during periods of binding financial constraint, credit enables smoothing consumption patterns across an individual's lifetime. Moreover, credit fosters economic mobility by providing individuals with the means to invest in socially desirable goods and services such as education, entrepreneurship and homeownership, thereby offering the opportunity to break the cycle of poverty and exploit socio-economic opportunities.

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[2] Bank of Jamaica website ((accessed on October 14, 2024))
[B] Bank of Jamaica website. (accessed on October 14, 2024).
[4] Bank of Jamaica website. ((accessed on October 14, 2024))

6. For credit markets to function effectively, however, lenders must have reliable information to assess the creditworthiness of prospective borrowers. The absence of reliable information perpetuates information asymmetry, which may lead to market failure due to adverse selection and moral hazard issues that undermine market efficiency and stability. Access to the client's private and confidential track record of managing credit facilities ('credit history') is paramount to the efficient functioning of credit markets.

7. Traditionally, lenders have relied exclusively on internal methods such as in-house records and the borrower's declarations to assess requests for consumer loans. Internal methods may be inadequate when the borrower has only a limited credit history with the lender. Recognizing the limitation of internal methods, some lenders outsource credit information gathering to credit reporting agencies ('credit bureaus') which are authorized to disclose confidential credit history only at the request of the borrower.

8. Three entities hold licences to operate credit bureaus in Jamaica: Credit Information Services (CIS), CRIF Information Bureau Jamaica Limited (CRIF) and EveryData Jamaica Limited (formerly Creditinfo Jamaica).[5] Credit bureaus play a pivotal role in facilitating access to credit and promoting financial inclusion by providing lenders with reports summarizing the credit history of individuals ('credit reports').

9. The credit reporting sector emerged in Jamaica as a critical mechanism for the collection, consolidation, and dissemination ('reporting') of credit information. As of December 2023, more than 100 Providers had signed contracts with credit bureaus to share their borrowers' data or access reports compiled from data shared by other Providers with credit bureaus.[6] In 2018, credit bureaus issued 582,822 credit reports. In 2022, however, the number of credit reports issued decreased by 26% to 428,616 even though the stock of loans held at deposit-taking institutions increased by 61 percent over the period.[7]

10. A centralized credit information sharing system is crucial to expanding the market for credit services. On the supply side, the favourability of loan terms is sometimes influenced by the lender's access to credit information. A central credit information sharing system lowers the cost and opportunity for lenders to access reliable credit information, increasing the incentives to lend.

[5] Credit Information Services has not issued a credit report since 2022 and so is considered by the study to have exited the market.
[6] Bank of Jamaica (BOJ), Annual Report.
[7] Source: BOJ.

On the demand side, lower interest rates resulting from the lender's access to reliable credit information expand access for potential borrowers who would have been otherwise excluded from credit services. By accurately assessing risk and adjusting interest rates accordingly, lenders can attract a broader range of borrowers. A system that facilitates reliable information sharing potentially promotes financial inclusion by expanding access to the wider economic system.

11. By enabling credit bureaus, which serve as central repositories of credit information, the credit reporting sector is well positioned to mitigate the market failure induced by systematic information asymmetry between lenders and borrowers in the financial sector.

12. Incidences of unreliable information disclosed by Providers, however, may prevent the financial system from fully exploiting the potential benefits of the credit reporting sector. In 2022, there were 4,413 complaints against Providers disclosing unreliable information. To put this number into context, credit bureaus issued 428,616 credit reports during that period. In 2023, a total of 5,863 complaints were lodged relative to the 450,801 reports issued.[8]

13. An environment that facilitates the sharing of complete and accurate (i.e., "reliable") credit information is more beneficial to the financial system than one that does not facilitate the sharing of reliable information. For the financial sector to fully benefit from the credit reporting sector, therefore, credit bureaus require adequate incentives and opportunities to collect and disseminate reliable credit information in reports that would be highly valuable to lenders.

14. Unfettered competition provides such incentives, and the regulatory environment provides the opportunities for such competition to take root. The regulatory environment governing credit reporting is therefore instrumental in shaping the competition dynamics among credit bureaus.

15. Understanding the interplay between the regulatory framework, competition dynamics, and financial inclusion objectives is essential for optimizing the credit reporting sector's role in expanding access to credit and promoting socio-economic development. The complementarity between credit reporting initiatives and broader financial inclusion strategies, such as Jamaica's National Financial Inclusion Strategy (NFIS), holds immense potential for fostering inclusive economic growth and development.

[8] Source: BOJ.

16. Aligned with Jamaica's Vision 2030 development plan, the NFIS addresses critical financial inclusion challenges, including cash reliance, economic vulnerability, inadequate financing, and low financial literacy. The strategy comprises four pillars: Financial Access and Usage, Financial Resilience, Financing for Growth, and Responsible Finance, supported by a robust infrastructure foundation.

17. The Financial Access and Usage pillar focuses on reducing cash reliance through innovative fintech solutions and expanding access to credit and other financial services. Reliable credit reporting is critical in this pillar because it enables a broader population segment to establish creditworthiness and access formal financial products.

18. Moreover, integrating mobile payment systems and other fintech solutions enhances data sharing within the sector, facilitating risk assessment and credit access. Implementing the Central Bank's Digital Currency (CBDC) further removes barriers to financial inclusion, expanding access to credit and other financial products for underserved populations.

19. Access to credit enhances financial resilience by providing a safety net during emergencies. It also fosters economic mobility and entrepreneurship, thereby contributing to socio-economic development.

20. For financially vulnerable individuals, such as those with irregular income or a limited record of managing credit facilities, access to credit with favourable terms facilitated by a reliable credit report can provide a lifeline during financial emergencies or economic instability.

21. To the extent that a competitive environment offers adequate incentives for credit bureaus to disseminate reliable information, this study explores how the regulatory environment could precipitate more intense competition in the market for credit reporting services in Jamaica.

II. METHODOLOGY

22. The research methodology is an eclectic mix of analyses, using extensive use of primary data collection methods in the form of interviews and surveys. To meet the objectives of the study, secondary sources are also utilized to perform market structural analysis relying on the Structure-Conduct-Performance paradigm developed by Industrial Organisation economists.[9]

23. In a study released in 2016, the European Commission found that the legislation governing the market for credit reporting in the European Union had unclear or limited effects on entry or expansion.[10] Using a similar methodology, the FTC seeks to understand whether the legislative framework accommodates distortions to competition in the market for credit reporting services.[11]

Interviews with Credit Bureaus

24. In 2022, the FTC invited the three credit bureaus to participate in one-and-one discussions but only two credit bureaus accepted the invitation.[12]

25. During the interviews, the discussion focused on the credit bureau's understanding of the market for credit reporting services, the challenges faced to enter and expand in the market, and perspectives on how competition could be promoted.

26. The interviews were conducted during May 2022.

Survey of Credit Information Providers ('Providers') and Credit Information Users ('Users')

27. Sampling and Data Collection: A stratified sample of 42 Providers was selected to participate in the survey. The survey instrument scrutinizes their participation in the sector in their capacity as a Provider as well as a User.

28. The initial strata were defined based on the categories of Providers outlined in Section 8 of the CRA. A sample was then taken for each stratum, relative to its population size, and the online application https://www.dcode.fr/random-sampling was used to select at random 50% of each stratum which constituted the final sample.

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[9] For a brief overview of the Structure-Conduct-Performance paradigm, see Dennis Carlton and Jeffrey Perloff (2005), Modern Industrial Organization (4 ed.), Pearson Addison Wesley, Boston.

[10] European Commission (2016), Study on the State of the Credit Rating Market, Available at https://finance.ec.europa.eu/publications/study-state-credit-rating-market_en, Accessed: September 8, 2023.

[11] The methodology of the market study conducted by the European Commission involved a literature review, an analytical framework describing the potential impacts both negative and positive of the Regulation with emphasis on the impact of competition, fieldwork which included surveys and interviews and data collection and analysis.

[12] EveryData Jamaica Limited and Credit Information Services Limited.

29. Of the 42 respondents selected, only 10 (24%) submitted a completed questionnaire to the FTC.

30. Respondents participated in the survey during October 2022.

31. Instrumentation: The questionnaire comprises eleven questions. Five questions covered the respondent's role as Provider while the other six questions covered the respondent's role as a User.

32. The questions covered the following areas:

- Data-exchange reciprocity.
- Provider's requirements for sharing data with credit bureaus.
- User's alternatives to credit reports; and
- User's proposed improvements to the credit reporting market.

33. Data Analysis**:** A thematic analysis method is used to identify relevant themes from the data collected. The analysis aims to identify perceptions and challenges faced by market participants. Secondary data are also utilized to interpret or explore inferences drawn from analysis of primary data.

Limitations of the results from the survey of Providers/Users

34. Based on the low response rate (24%) of Providers/Users, the survey sample is not representative of the target population. As such, sample responses could not necessarily be attributed to the wider population of Providers and/or Users. While survey results for the Providers/Users could not be considered probative, however, they nonetheless are instructive in corroborating, organizing and interpreting inferences drawn using more forensic analysis undertaken in the study.

Information request

35. Information was received from the BOJ– the designated supervisory authority of credit bureaus. The information requested included the following areas:

- Miscellaneous credit bureau statistics;
- Process for granting credit bureau licence;
- Data-exchange reciprocity requirements; and
- Entry and exit restrictions for credit bureaus.

III. REGULATORY FRAMEWORK AND MARKET STRUCTURE

A. Legislative Framework in Jamaica

36. The Credit Reporting Act 2010 (CRA) substantially shifted the credit reporting sector. This act formalised a structured and regulated framework within which credit bureaus operate. Prior to this regulatory intervention, lenders predominantly based credit assessments on either their historical interactions with borrowers or asked borrowers to request their financial records from other lenders. The BOJ and the Financial Services Commission assumed central roles as the primary regulators overseeing the credit reporting sector.

37. The CRA was promulgated to provide for the sharing of credit information between specified bodies, the licensing of credit bureaus, and connected matters. Additionally, section 2 (2) of the CRA states the object of the legislation as follows:

> "…to ensure that the credit reporting is done through reasonable procedures that meet the needs of commerce for credit information in a manner that is fair and equitable to the consumer ('borrower'), having regard to the confidentiality, accuracy, relevance and proper utilization of such information in accordance with the provisions of this Act."

38. The CRA provides for a supervising authority for credit bureaus. Section 2 of the Act states that a "supervising authority means the Bank of Jamaica or such other entity as may be designated by the Minister by notice published in the Gazette." The supervising authority is critical in granting a licence to operate as a credit bureau. The BOJ, as the designated supervising authority, is responsible for reviewing and recommending applications for a licence to the Minister. The BOJ is also responsible for maintaining general supervisory oversight of the credit reporting regime.

39. The legislation mandates several Providers and entities from which a credit bureau may obtain information under its business. Section 8(2) of the CRA details several Providers, such as credit unions, deposit-taking institutions, micro finance entities, statutory lending, trade creditors and utility companies, among others.

40. Users are anyone authorised to obtain credit information from credit bureaus to make a business decision regarding a consumer/business interest. This includes businesses and organizations that use credit reports to assess the creditworthiness of borrowers, tenants, employees, or insurance applicants. The various categories of Users include financial institutions, landlords, insurance companies, employers, Government agencies, utility companies, utility companies and retailers.

41. The provisions of the CRA do not limit the number of entities participating in the credit reporting sector. Notably, examining the legislation illustrates that there is no limit to the number of credit bureaus that may operate in Jamaica. Further, the CRA does not establish unduly high standards, which may deprive consumers of greater variety and lower prices.

42. Given the sensitive information handled by credit bureaus, the legislation, per section 11 (3), prevents a credit bureau from disclosing credit information unless consent has been given in writing by the borrower. Moreover, section 13 requires that every credit bureau, Provider, and employee, both past and present, of the same, or any persons with access to the credit information must keep all documents or information secret and confidential. In this regard, the standards needed to operate a credit bureau are in tandem with the nature of the business.

43. The CRA sets out the requirements for Users to access and utilise a borrower's credit report. These requirements include:

- Obtaining a borrower 's consent before obtaining a credit report.
- Using credit reports for permissible purposes only.
- Not disclosing credit report information to unauthorized third parties.
- Taking steps to protect the confidentiality of credit report information.

44. While the CRA stipulates the requirements for entry into the credit reporting sector, an examination of the provisions indicates that the legislation addresses the operation of the credit bureau, the use and protection of the borrower's credit information, persons who can request a credit report, accessibility by borrower to their credit information and providing reprieve to borrowers where the credit bureau has provided incorrect information. Accordingly, the legislation is focused on consumer welfare.

B. Assessment of Impediments to Competition

45. Economists regard competitive markets as the best mechanism for promoting economic efficiencies—and by extension, consumer welfare. A competitive credit reporting sector offers numerous benefits to the financial system, such as reducing information asymmetry, improving capital allocation, and expanding credit. Identifying and mitigating impediments to competition is crucial to encouraging new entry and stimulating innovation in the credit reporting market.

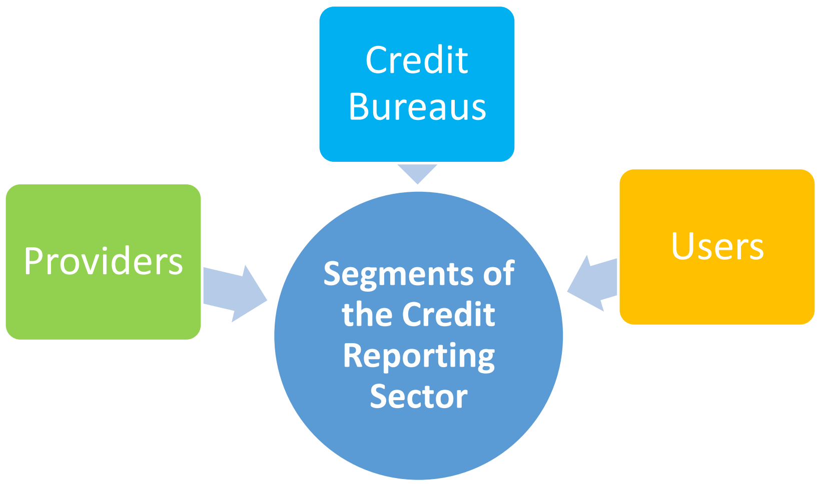
46. Economists classify markets based on critical structural characteristics. Some structural characteristics are more effective than others in mitigating, if not averting, anti-competitive

conduct. Further, certain strategic conduct by market participants can alter market structure to the extent that it takes on different characteristics.

47. Ex ante, competition authorities advise policymakers on policy proposals that could adversely affect market structure and/or the incentive of market participants to engage in behavior that promotes competition. Ex-post competition authorities assess the conduct of participants to determine whether such conduct impeded competition.

Market Structure

Figure 1: **Chart showing the Primary Segments of the Credit Reporting Sector**



48. The credit reporting sector comprises three primary segments: credit bureaus, Users and Providers. These segments are inter-linked as follows. Providers generate credit information for borrowers ('subjects'). These records are shared with credit bureaus which compile credit reports for a given borrower using the information collected from multiple Providers. Users request information to make decisions regarding extending loans to subjects of credit bureaus.

49. Depending on the nature of the business, some entities participate in multiple segments. For example, financial institutions participate in the User and Provider segments. In contrast, utility companies participate only in the Provider segment, and Landlords participate only in the User segment.

50. Regarding activity in the sector, data show that credit bureaus issued a total of 450,801 credit reports during 2023.[13] These reports were issued based on information submitted by the 122 Providers which had signed contracts with credit bureaus during the period.

51. As at October 30, 2024, the classes of financial institutions which participate in the credit reporting segment include 7 commercial banks, 6 investment firms, 23 credit unions which actively participate in the credit reporting sector.[14]

52. Notably, as at October 30, 2024, the BOJ reports that 63 institutions held active licences to operate as a microfinance company. These companies are a potential source of additional revenue for credit bureaus and sources of credit for vulnerable consumers (potential borrowers).

53. Anecdotal evidence indicates that there may be over 200 micro-financing companies operating without a licence.[15] The BOJ has been actively working with unlicensed micro-financing companies to encourage compliance with the licensing requirements. As at 30 October, 2024, there were 102 institutions for which assessments for their licencing applications were in progress.

54. Microfinancing companies are important to the goal of increasing financial inclusion because they operate in a niche segment of the financial system by catering to clients who would have been deemed high-risk by traditional deposit-taking institutions such as commercial banks. Sometimes, the high-risk assessment arises due to an incomplete credit record rather than a documented record of poor credit management. The credit report prepared for these borrowers may be incomplete because it did not compile records of all the credit facilities managed by the borrowers.

55. Microfinanciers would welcome observing additional financial footprints of these potential borrowers that may not be captured in credit reports; for example, records of the borrower's interaction with hire purchase companies. Further, many borrowers utilise informal systems of credit facilities. For instance, Rotating Savings and Credit Associations (ROSCAs) are informal financial systems comprising individuals making fixed contributions and withdrawals to and from a common fund. In Jamaica, this informal system is commonly called a partner plan. ROSCAs are common among people not included in the formal financial system.

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[13] This figure includes free reports.
[14] Citi Bank N.A. does not participate in the credit reporting industry.
[15] https://jamaica-gleaner.com/article/business/20221019/microcredit-money-service-firms-tightening-aml-systems-amid-challenges

56. The additional financial footprints would serve as a basis for extending credit to borrowers otherwise excluded from the traditional financial system. The study next describes the entry conditions, and therefore the scope for competition, in the credit reporting market.

Prospects for Competitive Entry

57. The primary focus of the CRA is the duties of credit bureaus. The CRA requires that the BOJ license all credit bureaus. To obtain a credit bureau license, an applicant must meet the following requirements:

- Be a company incorporated under the Companies Act of Jamaica.
- Have a paid-up capital of at least JMD 100,000.
- Have a board of directors composed of at least three persons, one of whom must be a resident of Jamaica.
- Have a management team with the necessary experience and expertise in the credit reporting industry.
- Have a system to collect, store, and manage credit information securely and confidentially.
- Have a system to provide consumers with access to credit reports and respond to complaints.

58. Assessing the competitive landscape by evaluating the extent to which competitive entry is feasible is often helpful. Competition authorities agree that competitive entry can be a binding competitive restraint. Entry is considered competitive if it is timely, likely and sufficient to mitigate, if not deter anti-competitive conduct.

Timeliness

59. Several factors influence the timeliness of entry, including standard regulatory requirements, revisions, an annual licensing fee, and approval from regulatory authorities. Establishing operations and gaining the trust of Providers are crucial steps that require significant time and effort.

60. The time taken to obtain licenses, permits, permissions, and regulatory requirements for credit bureau operations is comparable to the usual requirements for companies seeking business in Jamaica. Regulators impose additional requirements to ensure the safekeeping and appropriate handling of clients' data and facilities and to ensure ongoing adherence to the established

requirements. License renewal is required annually, indicating a recurring regulatory obligation for credit bureaus. This suggests that new entrants must allocate resources and time to obtain and renew licenses and permits.

61. The timeliness of entry is a critical aspect to consider when assessing the competitive landscape of any market. Credit bureaus offer insights into the timeframe involved in setting up operations and meeting regulatory requirements.

62. EveryData Jamaica obtained its licence in 2011 and began operations in 2013. EveryData Jamaica attributes its speed of setting up and expanding operations to leveraging its expertise and know-how to reduce the learning curve.[16]

63. CIS recounted perceived challenges in obtaining necessary approvals and revisions from regulators. CIS attributed the protracted period of two years, as opposed to the typical one year, to back-and-forth communication and delays in revising documents.

FTC Assessment of Timeliness

64. The FTC concludes that entry into the credit reporting market is timely as it can be done within one to two years.

Likelihood

65. The likelihood of entry is another critical aspect to consider when assessing the competitive landscape of any market. Entry is likely if it would be profitable at pre-entry prices.

66. Credit Bureaus generate revenues by issuing credit reports to Users. A credit report is offered at a price of JMD 1,150. Table 1 below shows that in 2019, credit bureaus issued 574,186 credit reports. The reports were issued with credit information for 895,116 borrowers (subjects) submitted by the 103 providers, who entered data exchange information with credit bureaus. If we presume that each report covered distinct borrowers, then we deduce that credit bureaus served as many as 64% of their borrower base in 2019.

[16] https://jamaica-gleaner.com/article/business/20190417/EveryData Jamaica-expands-regionally-stores-information-jamaica

Table 1. Indicators of Potential Demand for Credit Reports, 2019-2023

	2019	2020	2021	2022	2023
No. of reports issued during the year (excluding free reports)	574,186	355,446	380,333	418,717	437,872
Reported number of subjects in the database of the credit bureaus	895,116	925,114	971,902	1,046,543	1,145,635
No. of CIPs signed with credit bureaus	103	115	114	122	122
Credit bureau service rate[1]	64%	38%	39%	40%	38%
No. of reports that **could be** issued based on 2019 service rate	574,186	593,429	623,442	671,321	734,885

Source: Compiled from data published by BOJ.

1. Credit bureau service rate is the number of reports issued represented as a percentage of the number of subjects in credit bureau database.

67. In 2020, twelve (12) additional Providers signed with at least one credit bureau, resulting in a 29,998 increase in the number of borrowers tracked by credit bureaus. Despite the increase in borrower base in 2020, the number of reports decreased by 218,740 (38%). These changes reduced the service rate from 64% in 2019 to 38% in 2020.

68. Between 2020 and 2023, the number of reports increased by 23% to 437,872; the number of borrowers increased by 24% to 1,145,635; and the number of Providers signed with credit bureaus increased by 6% to 122. In contrast, the credit bureau service rate remained relatively stable at 38%, significantly below the 64% observed during 2019.

69. The underlying reason for the precipitous fall in the service rate is not immediately apparent, but the onset of the novel coronavirus (COVID-19) in March 2020 may offer a partial explanation. What is even less obvious is the underlying reason for the absence of any sign of recovery, as the service rate has not moved any closer to its 2019 level three years after the drastic plunge. This could suggest that, among other things, credit reports are currently playing a less significant role in the extension of credit relative to the period before 2020.

70. Suppose the 2019 relationship between the number of borrowers and the number of credit reports was maintained in 2023. In that case, the FTC estimates that as many as 734,885 credit reports could have been demanded in 2023, approximately 68 percent higher than the 437,872 reports observed.

FTC Assessment of Likelihood

71. The data indicate that the number of credit reports issued consistently increased from 2020 to 2023. However, the absence of any recovery in the credit bureau service rate is consistent with the conjecture that new entry would be profitable at current prices. Accordingly, entry is likely, all other things being constant.

Sufficiency

72. The sufficiency of entry to deter anti-competitive conduct in the credit reporting market is assessed based on the availability of critical inputs and the market's capacity to accommodate new credit bureaus. Credit bureaus need information from Providers to remain viable.

73. Table 1 above shows that the number of Providers signed to submit data to credit bureaus increased by 18 percent from 103 in 2019 to 122 in 2023. This signals an increase in the sources of credit information available to credit bureaus.

74. This increase in the sources of information is misleading, however, as it masks the inaccessibility of some of the Providers. One credit bureau expressed concern over the non-reciprocity of data-exchange contracts. The credit bureau pointed out that there are Providers who are also Users but do not share information with credit bureaus. The credit bureaus explained that this one-way relationship adversely affected the completeness of credit reports, given the absence of that Provider's data.

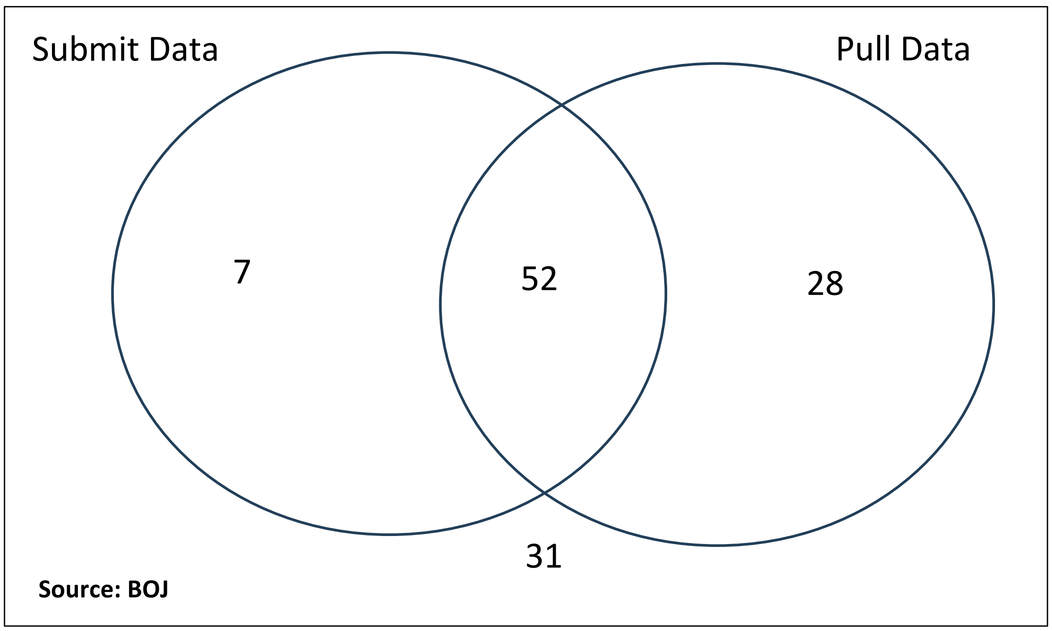
75. Overall, it took EveryData Jamaica five to seven years to become a viable operation. Three to five years were used to build credibility. Providers had to acclimatize to sharing clients' information and learning the benefits of using credit bureau services. This sentiment was echoed by both credit bureaus interviewed.

76. Building credibility with Providers was also emphasizes as a significant effort required to build a corporate reputation and gain the trust of Providers. Further, both bureaus indicate that significant investment is required to establish the necessary information technology

infrastructure and relationships with Providers. The cost of replication for new is likely to be substantial for new entrants, considering the complexities involved in building a credible and viable credit bureau. This suggests that current entry conditions require substantial investment and a long-term commitment to developing solid relationships with Providers.

77. Data from the BOJ supports the credit bureaus' accounts. The extent of data sharing as of September 30, 2022, is summarized in Figure 1 below.

Figure 2. Venn Diagram Showing Data-Exchange Status of Providers as of September 30, 2022



78. Figure 2 above shows that of the 118 Providers that had entered contracts with credit bureaus to share/exchange their borrowers' data, as many as 59 (50%) did not submit data to credit bureaus. It is also seen that 38 Providers (32%) did not request credit reports from any credit bureau. The figure shows also that 31 (27%) Providers made no meaningful contribution to the credit reporting segment as they neither exchanged their borrowers' data with bureaus nor used data other Providers shared with bureaus.

79. Respondents offer insights into strategic conduct within the credit reporting sector. They highlight Providers' preferences, their reasons for selecting specific credit bureaus, among other things. Based on the responses, it is evident that two credit bureaus, namely CRIF and EveryData Jamaica, were more widely used by Providers than the third credit bureau, CIS. Six of the ten respondents

stated that they provided credit information to CRIF and EveryData Jamaica only, while one supplied information solely to CRIF. Two respondents provided information to all three credit bureaus, while one respondent reported that it did not supply information to any credit bureau.

FTC Assessment of Sufficiency

80. The FTC concludes that the inequitable access to a crucial input (data-exchange/sharing agreements) constitutes a significant impediment to expansion in the market for credit reporting.

81. The overall conclusion in this section is that competitive entry is unlikely due primarily to the delay to complete data-exchange agreements with Providers and the indifference of some Providers to negotiate these agreements. The FTC next examines the probable consequences of the competition issues raised above.

C. The Consequence of Impediments to Competition

82. The information which the FTC reviewed suggests that inequitable access to Providers is impeding competition in the market for credit reporting. As such, recent entrants are unlikely to have adequate access to credit information to expand market share or even remain viable in the market for credit reporting. The FTC sought to isolate the source of this inequity to proposed remedial measures.

83. Providers cited multiple reasons for not supplying information to all credit bureaus. Some stated that the information from two credit bureaus (CRIF and EveryData Jamaica) was sufficient to assess their borrowers' risks. In contrast, others cited incompatibility with the information technology platform of one credit bureau (CIS) as the reason for not supplying the information.

84. Additionally, unsubstantiated reports of exclusive contracts between credit bureaus and Providers may also explain why some Providers do not utilize the services of all credit bureaus.

85. When asked about their requirements for sharing data with credit bureaus, respondents emphasized the importance of the credit bureau being licensed and registered. Four respondents also mentioned the need for credit bureaus to operate with a compatible information technology platform, while two highlighted data protection requirements.

86. Regarding the significance of credit reports in extending credit, eight respondents indicated that credit reports are significant in their decision process. Three respondents stated that credit reports influence interest rates offered, while five mentioned that credit reports and other factors

affect interest rates. Two respondents, however, indicated that credit reports do not influence the interest rate offered to borrowers. Additionally, it is noteworthy that eight respondents reported that borrowers must obtain credit reports from credit bureaus designated by the respondents, with two of the bureaus being often preferred over the third bureau.

87. It is noted that the CRA does not mandate Providers to share information with credit bureaus. This highlights the need for a two-way (reciprocal) data exchange agreement between Providers and credit bureaus to improve the reliability of credit reports in risk-assessment processes.

88. Both credit bureaus argue that Providers should be required to share information to improve the reliability of credit reports. The FTC supports this position.

89. The FTC concludes that mandatory data-exchange reciprocity would promote competition in the credit reporting market by mitigating significant sources of market distortion: asymmetric information and impediments to entry and expansion. Reciprocal data-exchange contracts reduce the time it takes for credit bureaus to access the requisite data to compile reliable credit reports, facilitate the timely expansion of recent entrants and therefore facilitate competitive entry.

90. In the first instance, mandatory data-exchange reciprocity would reduce impediments to entering and expanding the market for credit reporting. Data-exchange reciprocity lowers impediments by reducing the time a recent entrant would take to conclude data-exchange agreements with an adequate number of Providers to expand and compete with incumbent credit bureaus. This would address the concern that a credit bureau is less competitive due to limited sources of credit information, particularly in the initial years of participating in the market.

91. In the second instance, mandatory reciprocal data-exchange agreements reduce the incidence of information asymmetry in the credit market. Mandatory data-exchange reciprocity facilitates using more sources of credit information in the compilation of credit reports. Therefore, mandatory data-exchange reciprocity benefits borrowers and lenders by reducing the incidence incomplete credit reports, enabling a more reliable risk-assessment profile.

92. In addition to mitigating market distortions, mandatory data-exchange reciprocity contracts would promote competition in the market on non-price dimensions such as product differentiation and service quality. New entrants would have the opportunity to carve out a niche and compete effectively by leveraging their unique value propositions.

93. Earlier entrants have gathered comprehensive credit information over time despite challenges in engaging some Providers. This gives earlier entrants a significant first-mover advantage over later entrants and impedes entry and expansion. However, concerns exist regarding the reliability of credit reports, mainly if significant sources of credit information engage in the practice of not submitting data to every credit bureau. Mandatory data-exchange reciprocity contracts would address this issue, improving the reliability of credit reports used in risk-assessment processes.

94. In summary, the protracted delay in entering data-exchange contracts discourages competitive entry and thereby confer a distinct competitive advantage to earlier entrants (i.e., creates a first mover advantage). There are sufficient opportunities, however, for regulatory intervention to promote competitive entry. The proposed regulatory measures regarding mandatory data-exchange reciprocity contracts would mitigate market distortions manifesting as a first-mover advantage in the market for credit reporting. This measure would also reduce market distortions manifesting as information asymmetries in the credit market.

D. Market Conduct and Consumer Protection

i. Assessment of market conduct

95. The survey revealed that market participants' strategic conduct has the opposite effect in the credit reporting market as it does in the credit market.

Alternative Tools of Risk-Assessment

96. Credit bureaus indicate that commercial banks are their prime source of clients and contribute significantly to their revenues by using credit reports as a risk-assessment tool. Commercial banks have highlighted, however, the growing use of alternative risk assessment tools. These alternative means include internal methods, such as in-house records (relying only on the borrower's history with the bank) and the borrower's disclosures (trusting the borrower's ties to the bank through guarantors, pledging of collateral or character).

97. Providers' increasing use of alternative risk-assessment tools threatens the development of the credit reporting market by reducing the (derived) demand for credit reports.

98. Contrastingly, the increasing use of alternative risk-assessment tools positively affects the credit market by stimulating the credit supply. The supply of credit increases because relaxing the submission of a credit report as a prerequisite for securing credit increases the pool of eligible borrowers of Providers.

Inaccessibility of All Providers to Credit Bureaus

99. Credit bureaus revealed several practices in the credit reporting sector that impede competition. Although the FTC did not independently confirm the veracity of the accounts, they point to conduct so inimical to competition within the credit reporting market that policymakers should take steps to limit the opportunity for them to occur. The accounts, as described by the credit bureaus, allude to conduct which compromise the reliability of credit reports and exacerbate financial exclusion.

100. Suggestions intimated discriminatory access to Providers. The credit bureaus informed the FTC that they cannot access information from all designated Providers. One credit bureau alleges that it was blocked from retrieving information from a Provider that it considered a significant player in the sector. Another credit bureau advised the FTC that exclusive data-sharing contracts exist between the Provider and the credit bureau. It was believed that this practice was widespread in the market. The FTC was also advised that only one of the two major hire purchase companies entered a data-sharing agreement, and it did so with only one of the three credit bureaus.

101. The potential for the alleged exclusive data-exchange contracts to harm the credit reporting market and the credit market is illustrated below.

102. Hire-purchase companies are desirable to borrowers with limited disposable income. These borrowers are unable to finance the cost of the household furniture upfront, and they are excluded from accessing credit from traditional financial institutions. However, they are willing and able to pay higher long-term prices as these payments are smaller per week/month, which is more manageable. Anecdotal data suggest that many financially excluded persons have a commendable credit history with hire purchase companies, often furnishing their homes through hire purchase. The absence of a record of the borrower's history with the hire purchase company would result in unreliable credit reports as it would exclude important transactions reflecting the borrower’s healthy credit history. Consequently, the absence of a complete record of the borrower’s credit history would also exclude these financially vulnerable consumers from the credit market.

103. The FTC concludes that universal data-exchange contracts would promote competition in the credit reporting market by mitigating significant sources of market distortion: asymmetric information and strategic impediments to entry and expansion. Universal data-exchange

contracts reduce the time it takes for all credit bureaus (recent entrants and incumbents) to access the requisite data required to compile reliable credit reports, facilitate the timely expansion of recent entrants, and enable competitive entry.

104. In the first instance, universal data-exchange contracts would mitigate strategic impediments to entering and expanding the market for credit reporting. Universal data-exchange lowers impediments by reducing the time a recent entrant would take to expand and compete with incumbent credit bureaus. This would address the concern that a credit bureau is less competitive due to its limited sources of credit information compared to incumbent credit bureaus, particularly in the initial years of participating in the market.

105. In the second instance, universal data-exchange contracts reduce the incidence of information asymmetry in the credit market. Universal data-exchange facilitates access to more sources of credit information in the compilation of credit reports. Therefore, universal data-exchange contracts benefit borrowers and lenders by reducing the incidence of incomplete credit reports, enabling a more reliable risk-assessment profile.

106. In addition to mitigating market distortions, universal data-exchange contracts would promote competition in the market on non-price dimensions such as product differentiation and service quality. New entrants would have the opportunity to carve out a niche and compete effectively by leveraging their unique value propositions.

107. Early entrants in the credit reporting market have gathered comprehensive credit information over time despite challenges in engaging some Providers. This gives early entrants a first-mover advantage over later entrants and impedes entry and expansion. However, concerns exist regarding the reliability of credit reports, mainly if significant sources of credit information engage in the practice of not submitting data to every credit bureau. Universal data-exchange contracts would address this issue, improving the reliability of credit reports used in risk-assessment processes.

108. In summary, discriminatory access to Providers discourages competitive entry and thereby confer a distinct competitive advantage to earlier entrants (i.e., creates a first mover advantage). There are sufficient opportunities, however, for regulatory intervention to promote competitive entry. The proposed regulatory measures regarding universal data-exchange contracts would mitigate market distortions manifesting as a first-mover advantage in the market for credit reporting. This

measure would also reduce market distortions manifesting as information asymmetries in the market for credit.

109. The assessment has thus far identified two measures to improve the functioning of the credit reporting market, in a manner which would bring it closer to achieving the stated objectives of the Credit Reporting Act, by comparing the structural characteristics of markets with that of the benchmark (competitive) market structure. Both measures improve any credit bureau's access to crucial input (credit information). CIS attributes its decision to exit the credit reporting market to its inability to access credit information from important Providers.

110. In what follows, the assessment continues by exploring issues arising in the credit reporting sector from a consumer protection perspective.

ii. Consumer Protection: accessibility, accuracy, and availability of credit reports

111. Consumer protection in the credit reporting sector requires accurate credit reports. In this regard, credit bureaus must have robust mechanisms to verify and update the data they collect from various sources and disclose in credit reports.

112. In 2019, one out of approximately 150 credit reports issued triggered consumer (borrower) complaints. The incidence of consumer (borrower) complaints doubled over the subsequent four years, reaching a point in 2023 where two out of approximately 150 credit reports issued triggered consumer (borrower) complaints.[17]

113. Accurate information is one of the best safeguards against adverse outcomes. In this light, the CRA gives the borrower the right to access one credit report free of charge (free credit report') each year. This allows borrowers to review their credit information and identify inaccuracies or discrepancies. However, the format of the free credit reports is reportedly not easily understood by the average borrower. Borrowers complained about difficulty in understanding the information outlined in free credit reports which are not of the same reporting standard as that which is distributed to Providers on behalf of borrowers.

[17] Bank of Jamaica.

114. Borrowers have the right to know the source of the information included in their credit reports. This transparency is crucial as it allows borrowers to understand which entities or institutions have contributed to their credit reports.

115. Credit bureaus should disclose the sources of information they rely upon and provide borrowers with the information required to verify the accuracy and validity of the data. The credit bureaus were observed to honour this right by stating the sources of credit information on the credit reports. Borrowers were able to tell what credit information was provided in the report and the source of the information.

116. Consumer (borrower) protection in the credit reporting sector involves establishing effective dispute-resolution mechanisms. Borrowers should be able to challenge and correct any errors or inaccuracies in their credit reports, and credit bureaus should have clear procedures to promptly and fairly address consumer (borrower) disputes.

117. Complaints to the FTC often express borrowers' difficulty in removing erroneous or obsolete credit information from their reports. In fact, in response to the FTC's request for comments on an earlier draft of this report in November 2024, one borrower expressed frustration having to file a dispute on three occasions to remove a discharged credit facility which was erroneously still being included on his/her credit report.

118. The inadequacy and/or inaccessibility of dispute resolution mechanisms to safeguard borrowers' rights are critical areas in which the regulation of the credit reporting sector must improve.

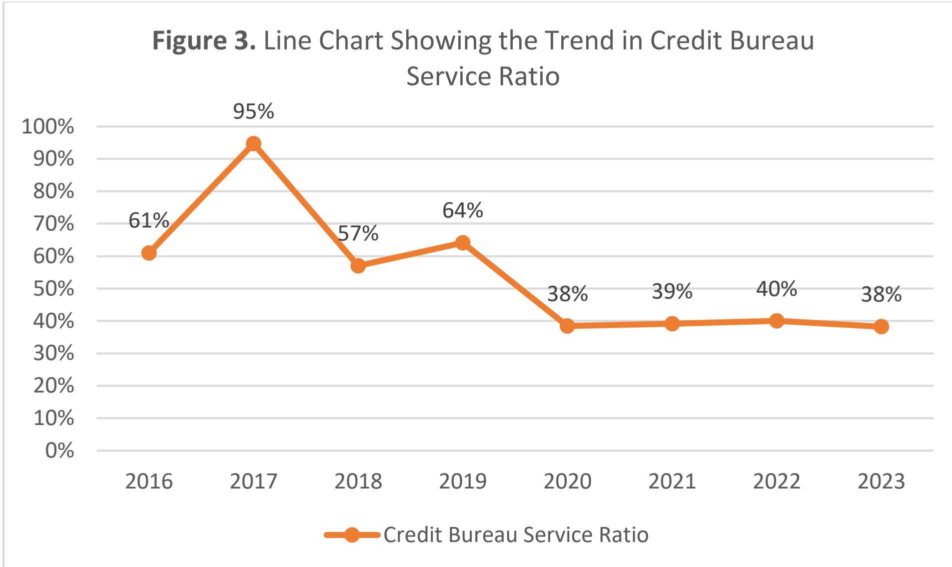
E. Market Performance and Innovation

i. Analysis of market performance indicators

119. The performance of the credit reporting sector is evaluated based on several indicators, including the estimated demand for credit reporting services and the potential for market expansion.

120. Based on qualitative and quantitative data reviewed by the FTC, the significance of credit reports in extending loans has diminished in recent years compared to earlier periods.

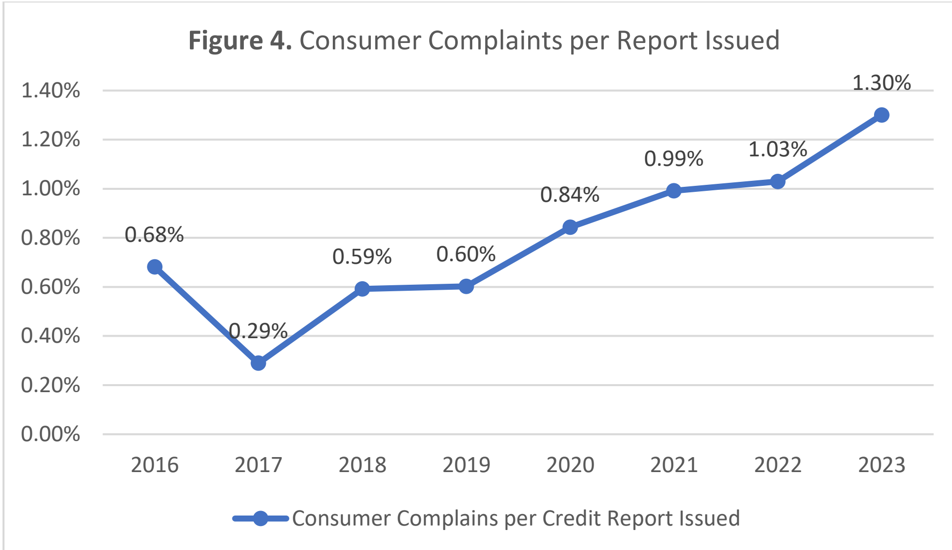
121. Figure 3 below shows that during the period 2016-2019, the ratio of credit reports issued to the number of subjects (consumers or borrowers) tracked by credit bureaus fluctuated between 57% and 95%.



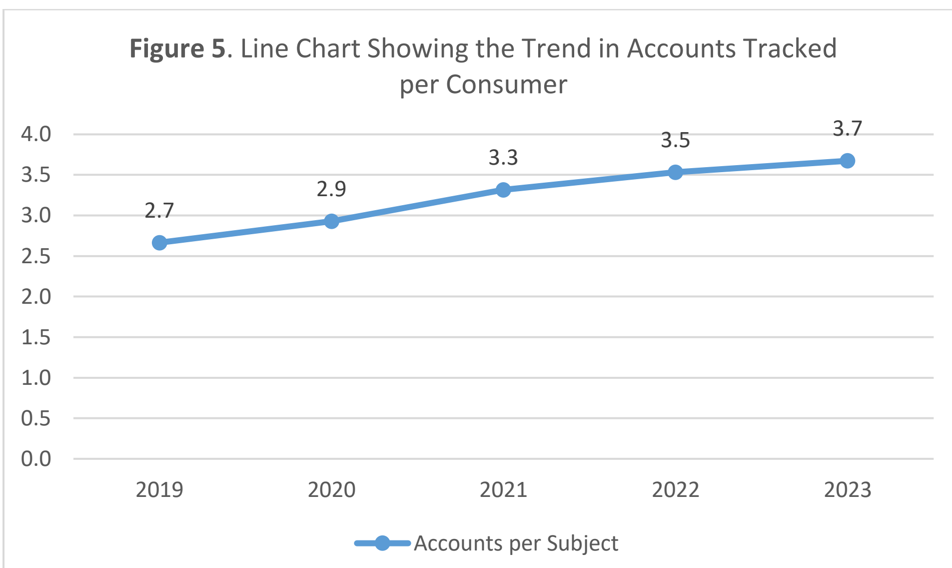
122. However, this ratio hovered between 38% and 40% in the subsequent four-year period. While not being probative, the observed increase in outstanding loans, on the backdrop of a reducing incidence in the credit report requests during the period, is consistent with the premise that lenders have become less reliant on credit reports in recent times.

123. The FTC explored a possible explanation for this apparent diminished significance of credit reports in recent times. While the reason for this reduced reliance remains uncertain, a plausible explanation implied by the data suggests is that credit reports may have become less significant as a tool for risk assessment. This is the case as there is evidence that credit reports have been an increasingly less accurate tool, based on the relative increase in complaints regarding inaccuracies.

124. Figure 4 below shows that more borrowers are complaining about inaccuracies in their credit reports in recent times. This is evident by the relative increase in consumer (borrower) complaints regarding incorrect information reported by credit bureaus. The figure shows that the incidence of complaints doubled during 2018-2023. In 2018, there was 1 (0.6%) complaint lodged for every 163 credit reports issued with a total of 3,063 complaints raised by borrowers that required corrections by Providers as reported by credit bureaus. During 2023, there were 2 (1.3%) complaints lodged for every 163 credit reports issued that year with a total of 5,863 complaints lodged.



125. Figure 5 below shows that the completeness of credit reports has improved slightly in recent times. This is evident as, in 2019, credit bureaus held information on two to three accounts, on average, for each consumer (borrower) covered in their database. By 2023, the credit bureaus held information on about three to four accounts, on average, for each consumer (borrower) covered.



126. Data gathered by the FTC indicate a growing demand for credit reporting services. The FTC also uncovered evidence suggesting sufficient unserved demand, which could support the entry and expansion of new entrants to establish themselves successfully and grow market share.

127. Qualitative data from the survey assisted the FTC in refining initial inferences drawn from the qualitative data reported in the figures above. In particular, the allegation of exclusive data-exchange contracts is consistent with the hypothesis that lenders may perceive credit reports as an incomplete tool for risk assessment– this, admittedly, is not the only plausible explanation. Also, confirmed reports that some Providers do not submit data to credit bureaus also support the inference that lenders may perceive credit reports as an incomplete tool for risk assessment.

128. The survey suggests that while credit reports are perceived to have some value, there is room for improvement as a tool for risk assessment. This inference is drawn from lenders who consider credit reports a necessary but insufficient tool for risk assessment. The eight respondents who stated that a credit report is a requirement for securing loans confirm the necessity of a credit report. As such, lenders perceive some practical value in using credit reports to establish risk-assessment profiles.

129. A highly valued risk-assessment tool should directly influence interest rates since interest rates on loans are typically directly proportional to the perceived risk, with individuals with a lower risk of default attracting lower interest rates. As such, evidence suggests that there is scope for improvement in using credit reports as a risk-assessment tool. Two respondents indicated that credit reports did not influence loan interest rates, while five stated that credit reports and other measures influenced interest rates. Three respondents indicated, however, that interest rates varied based on credit reports.

F. Implications for Competition

130. Based on discussions with key stakeholders, as well as the FTC's structural analysis of the credit reporting sector, the FTC identified several issues limiting the development of competitive interaction within the credit reporting market. The primary impediment to competition is the limited accessibility of credit history by way of data-exchange contracts with Providers.

131. In the credit reporting market, competitive entry is unlikely without timely access to this crucial input (credit history of borrowers). A credit bureau's preferential access to important Providers is a source of product differentiation and therefore market power. Credit bureaus with access to important sources of credit information are therefore able to unduly exercise market power over credit bureaus without such access. Such market power would be manifested in the form of, say, higher prices or lower value-added credit reports.

132. If preferential access to credit information was eliminated, credit bureaus would have adequate incentives and opportunities to compete based on the degree of value added by their respective credit reports as perceived by Users such as lenders. Removing preferential access to credit information is therefore likely to stimulate innovative credit reporting in a manner which would improve credit reports as a tool for risk-assessment and thereby stimulating financial inclusion. Practical means of fashioning such a regulatory system is discussed next in Section IV.

IV. POLICY IMPERATIVES

133. The discussion presented in Section III in this report demonstrates that policy intervention is warranted to orchestrate systematic improvements in the reliability of credit reports, in terms of accuracy and completeness, to exploit opportunities for greater financial inclusion through the incentives typically offered through competition.

134. Based on the discussion, there are at least five key policy imperatives which would individually and collectively position the regulatory system closer to realizing the stated objective of the CRA. The imperatives are summarized below– with each accompanied by use-cases drawn from international jurisdictions.

Imperative # 1 [Mandate universal data-exchange contracts]

135. Policymakers should mandate that any Provider that submits data to at least one credit bureau must submit data to all credit bureaus.

International Benchmark: Territories with universal data-exchange requirements

a. Philippines:

136. Universal data-exchange is operational in The Philippines. The Credit Information System Act (CISA) mandates that all financial institutions submit credit data to the Credit Information Corporation (CIC), which then disseminates this information to accredited credit bureaus. (See https://www.creditinfo.gov.ph/submission-data-cic)

b. Sri Lanka:

137. Universal data-exchange is operational in Sri Lanka. The Credit Information Bureau of Sri Lanka (CRIB) was established in 1990 under Credit Information Bureau of Sri Lanka Act, No. 18 of 1990 as amended by Act, No. 8 of 1995 and Act, No. 42 of 2008 to gather credit information of borrowers from lending institutions. The CRIB has an up-to-date electronically managed credit history of borrowers of credit institutions.[18]

c. South Korea:

138. Universal data-exchange is operational in South Korea. Korea Credit Information Services (KCIS) is the public credit registry (PCR) of Korea, acting as the backbone of Korea's credit reporting system. As mandated by the Credit Information Act, KCIS centrally manages credit, insurance, and

[18] https://www.cbsl.gov.lk/en/financial-system/financial-infrastructure/credit-information

tech-finance information provided by the government, public agencies, and all financial institutions, including banks, insurers, credit card companies, securities firms, consumer finance companies and credit cooperatives.

139. KCIS adopts a comprehensive approach to systematically managing credit information provided by all financial institutions and public agencies. KCIS ensures the quality of data and provides credible and up-to-date data to financial institutions, Credit Bureaus, the government, and public agencies to utilize data for effective decision-making.
(See https://www.kcredit.or.kr:1441/resources/file/KCIS_Brochure.pdf)

d. Hong Kong:

140. Universal data-exchange is operational in Hong Kong. The Hong Kong Monetary Authority (HKMA) issued a statutory guideline under the Banking Ordinance that prompted credit lending institutions to share consumer (borrower) credit data to each credit reporting agency (CRA) in the Multiple Credit Reference Agencies Model in line with the framework laid down in the prescribed documents in Schedule 1 of this module.[19]

e. The UEMOA region (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo)

141. Universal data-exchange is operational in the UEMOA region. This region established a harmonized credit reporting law20 requiring credit providers to submit data to the regional credit bureau, CreditInfo Volo. This framework ensures cross-border data sharing and standardized reporting across all eight countries. For example, Niger and Togo passed laws enabling the bureau to collect data from public utility companies, significantly expanding coverage. The system operates under a centralized "hub-and-spoke" model, ensuring compliance through uniform legislation.[21]

f. Belgium:

142. Belgium has a system of credit reporting that uses a public registry instead of private credit companies. Belgium has a public credit bureau, housed at the National Bank of Belgium, the country's central bank. "Anytime you enter into a credit contract, the lender sends that to the

[19] https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/IC-6.pdf
[20] https://www.bceao.int/sites/default/files/inline-files/session_1_riadh_naour_sfi_heure_9h15.pdf
[21] https://www.creditinfo.com/wp-content/uploads/sites/49/2017/03/VoLo_Benin_press_release.pdf

federal bank database. If another person wants to look at your file, they have to have your consent".[22]

g. India

143. Universal data exchange is not mandated but India requires that all credit institutions submit information to at least one credit information company.

h. Brazil:

144. There is no specific mandate that requires universal data exchange contracts obligating all providers to submit data to all credit bureaus. However, the country has a well-established credit reporting system governed by regulations that ensure transparency and fairness in credit operations. Credit providers report monthly to the Credit Information System (SCR) detailed information on credit assignments (borrowers), including data regarding collateral and credit limits granted. Information is individualized by customers and at the credit operation level. This characteristic makes the SCR the most comprehensive credit bureau operating in Brazil regarding financial Institutions credit transactions.[23]

i. United States of America:

145. Universal data-exchange is not mandatory in the United States. While not federally mandated to report to all three major credit bureaus (Equifax, Experian, and TransUnion), most large financial institutions voluntarily report to all to maintain consistency in credit profiles.

Imperative # 2 [Mandate data-exchange reciprocity]

146. Policymakers should mandate that any Provider that pulls information from any credit bureau should be required to submit data to the credit bureau.

147. The anticipated benefit of Imperative #1 and Imperative #2 is that they will expand the credit information database used to generate credit reports and ensure that every credit bureau has equal access to this crucial input. This would increase the volume and scope ('comprehensiveness') of the credit information database accessible to any given credit bureau. This would also encourage competitive entry into the credit reporting market by significantly reducing an impediment to expansion, considerably reducing the time it takes a new entrant to enter contracts with Providers to access credit information. Since credit bureaus would have

[22] https://finance.yahoo.com/news/belgium-deals-credit-without-equifax-experian-transunion-114323975.html
[23] https://www.bcb.gov.br/en/financialstability/creditinformationsystem

access to the same comprehensive database, they would have sufficient incentives and opportunities to innovate or otherwise differentiate themselves based on their respective credit reports' perceived value (such as reliability). Differentiation appears based on access to crucial input (credit information). A more reliable tool for risk assessment would mitigate information asymmetry in the financial system. With information asymmetry mitigated, there is a more significant opportunity for competition in the economic system. With competition in the financial market, there is a greater scope for efficiency. With a more efficient financial market, financial inclusion has greater scope.

International Benchmark: Territories with Reciprocity Requirements

a. European Union (EU):

148. This reciprocity principle is applied by most credit bureaus (24) in the EU, with only organisations that share data may access data as well. Eighteen bureaus apply this principle in a strict sense, allowing for no exceptions. (See https://aei.pitt.edu/33375/1/ACCIS-Survey_FinalReport_withCover.pdf)

149. A notable example is the Memorandum of Understanding (MoU) signed in 2003 by the central banks of several EU countries, including Belgium, Germany, Spain, France, Italy, Austria, and Portugal. This MoU established a framework for the exchange of credit information among national credit registers, promoting reciprocal data sharing among these nations. However, the implementation of this agreement has been uneven; for instance, Austria and France faced legal constraints that delayed full participation.

(See https://www.ecb.europa.eu/press/pr/date/2003/html/pr030310_2.en.html?utm_source)

b. United Kingdom (UK):

150. After Brexit, the UK continues to maintain strong credit reporting regulations under the Financial Conduct Authority framework. Lenders who access credit data from agencies like Experian or Equifax UK are typically required to report back credit performance data, ensuring data reciprocity.

151. The intention is to ensure that all companies that use and/or subscribe shared data undertake to abide by the Principles of Reciprocity, on the basis that "subscribers receive the same credit performance level data that they contribute and should contribute all such data available". (See https://www.scoronline.co.uk/principles/)

c. India:

152. The Credit Information Companies (Regulation) Act, 2005 (CICRA) mandates that all credit institutions that request credit reports from bureaus like CIBIL, Equifax India, Experian India, or CRIF High Mark must also submit their credit data to these bureaus. (See https://kratikal.com/credit-information-companies-regulation-act)

d. Philippines:

153. Under the Credit Information System Act (CISA), financial institutions that access credit data from the Credit Information Corporation (CIC) must reciprocate by submitting Under Republic Act No. 9510, also known as the Credit Information System Act (CISA), financial institutions that provide credit facilities—such as banks, quasi-banks, credit card companies, financing companies, cooperatives, and similar entities—are required to submit both positive and negative credit information on their borrowers to the Credit Information Corporation (CIC). In effect, any institution that is authorized to access the CIC's consolidated credit data (referred to as an "Accessing Entity") is typically also a "Submitting Entity" obligated to furnish its own credit data.

154. This reciprocal requirement is designed to ensure that the CIC maintains a comprehensive, reliable, and up-to-date repository of credit information. The law mandates regular submission (with defined update cycles) so that every participating institution contributes to the overall credit ecosystem. This arrangement benefits all parties by facilitating better risk assessment, enhancing financial stability, and promoting fair access to credit. (See https://www.creditinfo.gov.ph/republic-act-no-9510-credit-information-system-act-cisa-0)

e. Mexico:

155. The Mexican credit reporting system, governed by the Law to Regulate Credit Information Societies, enforces reciprocity. Financial institutions requesting credit reports from bureaus like Buró de Crédito are required to furnish their own credit data.

156. It is important to highlight that entities authorized as Credit Information Companies are obliged to exchange consumer credit data among themselves before payment of a compensatory fee so that their reports are more complete, and the system is as truthful as possible. (See https://belegalabogados.mx/en/publicaciones/mexican-law/how-the-credit-bureau-works-in-mexico/)

f. **South Africa:**

157. The National Credit Act requires credit providers who access credit information from bureaus to also report back comprehensive and accurate credit data. (See https://www.gov.za/sites/default/files/gcis_document/201706/40930gen476.pdf)

Imperative # 3 [Standardised Information Technology Platform]

158. Policymakers should mandate that Providers and credit bureaus adopt a standardized platform for sharing credit information records. Minimum standards should be established to ensure interoperability/compatibility, adequate data security, and cost-effectiveness, among other things.

159. The benefit of Imperative #3 is that it is expected to minimize the anticipated transaction costs of implementing recommendations #1 and #2 as it incorporates the prerequisites expressed by respondents for submitting data to credit bureaus.

International Benchmark: Territories with Standardised IT Platforms

a. **Australia:**

160. The Comprehensive Credit Reporting (CCR) regime requires lenders to use standardised formats for reporting credit data to credit bureaus.

b. **Canada:**

161. The Canadian Credit Reporting System uses standardised data formats and technology platforms to ensure compatibility across credit bureaus.

c. **South Africa:**

162. The National Credit Act (NCA) mandates the use of standardised data formats for credit reporting.

Imperative # 4 [Improve Dispute Resolution Mechanisms]

163. Policymakers should develop and enforce guaranteed standards to give effect to the timely resolution of consumer complaints, as provided for in section 16 of the Credit Reporting Act.

164. The anticipated benefit of Imperative #4 is that it restricts the period in which inaccurate information is housed in the database used to compile the credit report of a given consumer. This would increase the accuracy of the credit information accessed by all credit bureaus. The increased accuracy of the credit information database would lead to credit reports becoming a more reliable tool for risk assessment in the financial system. A more reliable tool for risk

assessment would mitigate information asymmetry in the financial system. With information asymmetry mitigated, there is a more significant opportunity for competition in the financial system. With competition in the financial market, there is a greater scope for efficiency. With a more efficient financial market, financial inclusion has a greater scope. For example, a more accurate consumer information database would prevent consumers from being excluded from participating in the financial markets solely due to inaccurate records utilized by credit bureaus.

International Benchmark: Territories with guaranteed standards in dispute resolution

a. United States of America:

165. The Fair Credit Reporting Act (FCRA) requires credit bureaus to investigate and resolve consumer disputes within 30 days.

b. European Union (EU):

166. The GDPR gives consumers the right to dispute inaccurate information and requires credit bureaus to correct errors promptly.

c. India:

167. The Credit Information Companies (Regulation) Act, 2005 mandates that credit bureaus resolve disputes within 30 days.

Imperative # 5 [Target the Underserved Consumers]

168. Underserved consumers (borrowers) are those not included in any credit bureau database despite managing at least one credit facility. Policymakers should strongly encourage, if not mandate, entities that serve underserved consumers to submit data to credit bureaus.

169. The credit information may not have been submitted because the entity made a strategic decision or was not designated a Provider. Based on the survey, hire-purchase companies and operators of partner plans may be prime targets for policymakers in this regard.

170. The non-submission of credit information of underserved consumers (borrowers) creates a negative externality and therefore market failure in the financial system, unduly excluding financially vulnerable consumers.

171. The anticipated benefit of Imperative #5 is that it will mitigate the negative externality imposed by the non-submission of credit information and mitigate market failure. It does so by increasing the number of consumers (borrowers) tracked by credit bureaus, improving the efficiency of the

financial system, and, therefore, expanding the number of consumers (borrowers) who participate in the economic system, thus promoting financial inclusion.

172. Imperative #5 will mitigate financial market failure by internalizing the negative externality imposed by the non-submission of credit information of underserved, financially vulnerable consumers (borrowers).

International Benchmark: Territories with Target Underserved Populations

a. Kenya:

173. The Credit Reference Bureau (CRB) Regulations encourage the inclusion of alternative data (e.g., utility payments, mobile money transactions) to expand credit access for underserved populations.

b. Mexico:

174. The Buró de Crédito (Credit Bureau) uses alternative data to include more consumers (borrowers) in the credit reporting system. These data include mobile phone operator records, utility and rent payment history and other non-traditional records.

c. Brazil:

175. The Central Bank of Brazil has implemented policies to include non-traditional credit data (e.g., rent, utility payments) to expand credit access.

V. EXPECTED IMPACT OF THE FTC'S INTERVENTION

176. This study completes a partial assessment of the expected impact of the FTC's intervention. The intervention, as described in Section IV, is expected to directly promote competition in the market for credit reporting. It is also expected to directly improve the efficiency of the market for credit and the market for credit reporting.

177. The intervention is expected to improve efficiency in the credit market, leading to greater financial inclusion, by mitigating market failure precipitated by asymmetric information. The intervention is also likely to improve efficiency in the market for credit reporting, leading to a faster pace of innovation by stimulating the competition being stifled by inequitable access to crucial input (credit information).

178. This study provides a quantitative assessment of the expected impact only on consumers in the market for credit reporting. Qualitative improvements in the credit market and the credit report market are expected to deliver quantitative benefits to suppliers and consumers in both markets. In this study, however, the FTC assesses expected benefits only for consumers in the market for credit reporting. Consumers in the market for credit reporting are expected to benefit from greater levels of dynamic and static efficiencies, which would be unlocked with a greater level of competition. In this study, however, the FTC assesses the expected benefits from the improvement in static efficiencies arising from this intervention.

179. This impact assessment is guided by the framework developed by the Competition Division of the Organisation for Economic Cooperation and Development (OECD). The size of the turnover affected determines the expected impact, the price increase removed or avoided, and the duration of the price effect.[24] To assess the static consumer benefits arising from this intervention, the FTC estimates that the turnover affected by the intervention is approximately JMD 362 million. Also, the FTC estimates that the intervention will remove or avoid a price increase of roughly 5%. Currently, credit bureaus charge consumers a base price of JMD 1,150 to submit credit reports to Users. Finally, the FTC conservatively estimates that the likely duration of the price increase absent the intervention is at least 3 years.

[24] OECD (2014), Guide for Helping Competition Authorities Assess the Expected Impact of Their Activities, available at https://www.oecd.org/daf/competition/

180. Based on the above, the FTC's intervention in the credit reporting market is expected to deliver static consumer benefits of JMD 54 million over three years in the credit reporting market.

181. The information presented above is summarized in Table 2 and Table 3 below.

`**Table 2**. Intervention Matrix Showing Policy Imperatives and Expected Outcomes (continues next page)

Issue Identified	**Problems Created**	**Remedy Proposed**	**Outcome Expected**	**Beneficiaries** [Benefits]
Providers not submitting data to all Credit Bureaus	(i) Impedes competitive entry by creating inequitable access to a crucial input in the credit reporting market. (ii) Results in incomplete credit reports. (iii) Creates market failure by exacerbating asymmetric information in the market for loans	**Imperative # 1** [Mandate universal data-exchange contracts]	(i) Improved efficiency in the credit reporting market. (ii) More intense competition in the credit reporting market. (iii) Improved efficiency in credit market	(i) **Credit Reporting Market** [improved efficiency]: **Consumers** [cost savings, JMD 54 million] **Consumers** [complete credit reports] **Credit bureaus** [increased revenues; improved access to crucial input]. (ii) **Credit Market** [improved efficiency]: **Consumers** [access to more credit facilities]. **Lenders** [more reliable risk-assessment tool]. **Government** [greater financial inclusion]
Providers not submitting data to any credit bureau	(i) Results in incomplete credit reports. (iii) Creates market failure by exacerbating asymmetric information in the market for credit	**Imperative # 2** [Mandate reciprocal data-exchange contracts]	(i) Improved efficiency in the credit reporting market. (ii) More intense competition in the credit reporting market. (iii) Improved efficiency in credit market	(i) **Credit Reporting Market** [improved efficiency]: **Consumers** [cost savings, JMD 54 million] **Consumers** [complete credit reports] **Credit bureaus** [increased revenues; improved access to crucial input]. (ii) **Credit Market** [improved efficiency]: **Consumers** [access to more credit facilities]. **Lenders** [more reliable risk-assessment tool]. **Government** [greater financial inclusion]

`**Table 2** (cont'd).

Issue Identified	Problems Created	Remedy Proposed	Outcome Expected	**Beneficiaries** [Benefits]
Each data exchange contract requires the Provider and the Credit Bureau to have compatible information technology platforms.	Implementing Imperatives # 1 and #2 may pose significant coordination costs to affect the required compatibility across the market.	**Imperative # 3** [Standardised Information Technology platforms]	(i) Improved efficiency in the credit reporting market. (ii) More intense competition in the credit reporting market. (iii) Improved efficiency in credit market	(i) **Credit Reporting Market** [improved efficiency]: **Consumers** [cost savings, JMD 54 million] **Consumers** [complete credit reports] **Credit bureaus** [increased revenues; improved access to crucial input, lower transaction cost of sharing information]. **Providers** [lower transaction cost of sharing information] (ii) **Credit Market** [improved efficiency]: **Consumers** [access to more credit facilities]. **Lenders** [more reliable risk-assessment tool]. **Government** [greater financial inclusion]
Inaccurate/stale information presented in credit reports	(i) Results in inaccurate credit reports. (iii) Creates market failure by exacerbating asymmetric information in the market for credit	**Imperative # 4** [Improve Dispute Resolution Mechanisms]	(i) Improved efficiency in the credit reporting market. (ii) Improved efficiency in credit market	(i) **Credit Reporting Market** [improved efficiency]: **Consumers** [accurate credit reports] (ii) **Credit Market** [improved efficiency]: **Consumers** [better terms on credit facilities]. **Lenders** [more reliable risk-assessment tool]. **Government** [greater financial inclusion]
Not all records of credit information are submitted to credit bureaus	(i) Some consumers are not tracked by any credit bureau. (iii) Creates market failure by imposing negative externality in the credit market	**Imperative # 5** [Target underserved consumers]	(i) Improved efficiency in the credit reporting market. (ii) Expanded customer base in credit reporting market (iii) Improved efficiency in credit market. (iv) Expanded customer base in the credit market.	(i) **Credit report market** [improved efficiency]: Consumers [more consumers being tracked by credit bureaus] (ii) Credit market [improved efficiency]: **Consumers** [access to more credit facilities] **Lenders** [expanded customer base] **Government** [greater financial inclusion]

Table 3 The Operationalisation of Proposed Imperatives in International Jurisdictions (continues next page)

Remedy Proposed	Implementation in other Jurisdictions
Imperative # 1 [Mandate universal data-exchange contracts]	➢ The Credit Information Companies (Regulation) Act, 2005 mandates that all financial institutions share credit information with licensed credit bureaus (India). ➢ The Credit Information System Act (CISA) mandates that all financial institutions submit credit data to the Credit Information Corporation (CIC) (Philippines). ss ➢ The Credit Information Bureau of Sri Lanka (CRIB) gather credit information of borrowers from lending institutions. (KCIS) adopts a comprehensive approach to systematically managing credit information provided by all financial institutions and public agencies. (Sri Lanka) ➢ The Hong Kong Monetary Authority (HKMA) issued a statutory guideline under the Banking Ordinance that prompted credit lending institutions to share consumer credit data to each credit reporting agency. (Hong Kong) ➢ Belgium has a public credit bureau, housed at the National Bank of Belgium, the country's central bank. "Anytime you enter into a credit contract, the lender sends that to the federal bank database. (Belgium)
Imperative # 2 [Mandate reciprocal data-exchange contracts]	➢ This MoU established a framework for the exchange of credit information among national credit registers, promoting reciprocal data sharing among these nations (EU). ➢ In United Kingdom, lenders who access credit data from agencies like Experian or Equifax UK are typically required to report back credit performance data, ensuring data reciprocity (UK). ➢ The Credit Information Companies (Regulation) Act, 2005 (CICRA) mandates that all credit institutions that request credit reports from bureaus must also submit their credit data to these bureaus (India). ➢ Under the Credit Information System Act (CISA), financial institutions that access credit data from the Credit Information Corporation (CIC) must reciprocate by submitting Under Republic Act No. 9510 (Philippines) ➢ The Mexican credit reporting system, governed by the Law to Regulate Credit Information Societies, enforces reciprocity (Mexico).

Table 3 (cont'd)

Remedy Proposed	Implementation in other Jurisdictions
Imperative # 3 [Standardised Information Technology platforms]	➢ The Comprehensive Credit Reporting (CCR) regime requires lenders to use standardised formats for reporting credit data to credit bureaus (Australia). ➢ The Canadian Credit Reporting System uses standardised data formats and technology platforms to ensure compatibility across credit bureaus (Canada). ➢ The National Credit Act (NCA) mandates the use of standardised data formats for credit reporting (South Africa).
Imperative # 4 [Improve Dispute Resolution Mechanisms]	➢ The Fair Credit Reporting Act (FCRA) requires credit bureaus to investigate and resolve consumer disputes within 30 days (USA). ➢ The GDPR gives consumers the right to dispute inaccurate information and requires credit bureaus to correct errors promptly (EU). ➢ The Credit Information Companies (Regulation) Act, 2005 mandates that credit bureaus resolve disputes within 30 days (India).
Imperative # 5 [Target underserved consumers]	➢ The Credit Reference Bureau (CRB) Regulations encourage the inclusion of alternative data (e.g., utility payments, mobile money transactions) to expand credit access for underserved populations (Kenya). ➢ The Buró de Crédito (Credit Bureau) uses alternative data to include more consumers in the credit reporting system (Mexico). ➢ The Central Bank of Brazil has implemented policies to include non-traditional credit data (e.g., rent, utility payments) to expand credit access (Brazil).

VI. POLICY PRESCRIPTIONS

182. Based on the assessment of the regulatory environment governing credit reporting in Jamaica, the FTC proposes the following four alternative options to assist policymakers in meeting the stated objective of the Credit Reporting Act.

OPTION 1: Maintain the Status Quo.

183. Policymakers could maintain the status quo by not advancing any significant adjustment to the regulatory environment. Under such an option, Jamaica remains out of sync with many other international jurisdictions.

184. If this option is selected, the credit reporting sector will continue to be organized inefficiently. In the absence of competition, credit bureaus (existing or potential) will remain at risk of being excluded from accessing critical credit information (input foreclosure)–and therefore also at risk of being foreclosed from potential customers/ borrowers (customer foreclosure).

185. Further, consumers (borrowers) will continue to face higher prices (to the amount of at least $54 million), a slowdown in the rate of product innovation, as well as the undue exclusion of the most vulnerable consumers (borrowers) from welfare-enhancing financial markets.

186. Further, the credit reporting market will continue to be a source of unreliable (i.e. incomplete and/or inaccurate) credit reports for credit providers.

OPTION 2: Adopt Imperatives #2 and #4

187. Policymakers could join many international jurisdictions in mandating measures such as reciprocity (Imperative #2) and guaranteed standards for dispute resolution (Imperative #4) to improve the outcomes of the credit reporting sector.

188. Option 2 would lead to an improvement in market outcomes over Option 1, as it would partially mitigate the risk of foreclosure inherent in Option 1 for credit bureaus currently participating or contemplating entering the credit reporting market. Accordingly, Option 2 would also mitigate the incidence of unreliable credit reports by offering credit bureaus access to more sources of credit information and allowing for the timely correction of errors identified by consumers.

189. Under Option 2, the credit reporting market will become a more reliable source of credit reports compared to Option 1.

OPTION 3: Adopt Imperatives #1, #2, #3 and #4

190. In addition to the Imperatives included in Option 2, policymakers should mandate universal data-sharing (Imperative #1) and a standardized Information Technology platform to facilitate data-sharing (Imperative #3). These Imperatives are strongly encouraged in many jurisdictions, despite not being mandatory, as the serve to improve the accessibility of credit bureaus to more sources of credit data beyond that could be facilitated by Option 2.

191. As such, Option 3 addresses the concern of input foreclosure inherent in Option 1, to a greater extent than it is addressed by Option 2.

192. Option 3 would lead to an improvement in market outcomes over Option 2, as it would mitigate more of the risk of foreclosure inherent in Option 1 for credit bureaus currently participating or contemplating entering the credit reporting market. Accordingly, Option 3 would also mitigate the incidence of unreliable credit reports by offering credit bureaus access to more sources of credit information than Option 2 would facilitate.

193. Under Option 3, the credit reporting market will become a more reliable source of credit reports compared to Option 1 and Option 2 as Imperatives #1 through #4 collectively and individually facilitates the compilation of complete and accurate credit reports.

194. The prospect of input foreclosure is more than a speculative concern. CIS, one of three entities holding a credit bureau licence, advised the Fair Trading Commission that in 2022, it decided to exit the market due to the inaccessibility of crucial sources of credit information. CIS stated that this input foreclosure was precipitated by (i) unsuccessful attempts to negotiate data-exchange contracts with top commercial banks; and (ii) the non-resolution of its complaints lodged at the Bank of Jamaica regarding unfair business practices in the form of exclusive data-sharing arrangements between a rival credit bureau and some Providers of credit information.

195. Option 3 would significantly reduce, if not eliminate, the incidence of input foreclosure.

OPTION 4: Adopt Imperatives #1, #2, #3, #4 and #5

196. In addition to the Imperatives included in Option 3, policymakers should adopt measures to compile credit information for underserved and therefore vulnerable consumer (borrower) sub-populations (Imperative #5).

197. As such, Option 5 directly addresses concerns about the low incidence of financial inclusion while maintaining the dissemination of reliable credit reports, relative to the anticipated outcomes of the three other policy options identified above.

VII. SUMMARY AND CONCLUSION

198. A credit report is an essential tool for increasing opportunities for credit. The Credit Reporting Act (CRA) provides a formal regulatory framework for the credit reporting industry in Jamaica.

199. Through this study, the Fair Trading Commission (FTC) has identified several issues impeding competition in the market for credit reporting and are likely frustrating attempts by the regulatory environment to meet the stated objectives of the CRA.

200. The issues identified are market failure and anticompetitive strategic conduct. In particular, the study has identified externalities and asymmetric information as the primary sources of market failure and ultimately resulted in market foreclosure. The issues identified are developed and discussed in greater detail in Section III.

201. The report describes five policy imperatives designed individually and collectively to mitigate the issues identified. These imperatives cover data-exchange reciprocity, universality, standardized platforms, guaranteed standards for consumers as well are targeting under-served consumer sub-populations. These imperatives are presented in Section IV.

202. The FTC estimates that the measures would stimulate competition and efficiencies in the market for credit reporting through which consumers (borrowers) would realise cost savings of at least JMD 54 million. A summary of the expected benefits of the intervention and use cases are presented in Table 2 and Table 3 in Section V.

203. The study offers four policy prescription options available to policymakers for consideration, based on alternative combinations of the imperatives. These measures are presented in Section VI.

204. The Fair Trading Commission views Option 4 as the policy which is most likely to harvest the potential benefits offered by a competitively organised credit reporting sector.

APPENDIX

Stakeholder Engagement

In conducting the interview/survey of key market participants, the FTC reached out to entities listed below:

A. Credit Bureaus which accepted the FTC's invitation to be interviewed:

- Credit Information Services;
- EveryData Jamaica Limited (formerly Creditinfo Jamaica).

B. Credit Bureau which failed to accept the FTC's invitation to be interviewed:

- CRIF Information Bureau Jamaica Limited (CRIF)

C. Entities which submitted a completed Questionnaire issued by the FTC:

- LASCO Microfinance Ltd
- Sagicor Bank
- National Commercial Bank
- Scotiabank
- COK Sodality Co-operative Credit Union Ltd
- N.C.B. Employees Co-Operative Credit Union Limited
- JMMB Bank
- First Global Bank
- First Heritage Credit Union Limited
- JN Bank Ltd

D. Entities which did not submit a completed Questionnaire issued by the FTC:

- First Caribbean Intl Bank
- Citi Bank Ltd
- Development Bank of Jamaica
- BPM Financial Services
- First Union Financial Company Ltd
- McKayla Financial Services Ltd
- Access Financial Services Ltd
- National Housing Trust
- Student Loan Bureau
- Scotia Jamaica Building Society

- EduCom Co-op Credit Union
- Broadcast & Allied Services Co-op Credit Union
- Community & Workers of Ja. Co-op Credit Union
- Manchester Co-op Credit Union
- First Regional Co-op Credit Union
- First Heritage Co-op Credit Union
- JN Fund Managers Ltd
- CUMAX Wealth Mngt Ltd
- Victoria Mutual Wealth Mngt
- JMMB Securities Ltd
- Stocks & Securities Ltd (SSL)
- Victoria Mutual Wealth Mngt
- Scotia Investments Ja. Ltd
- Mayberry Investments Ja.
- Sagicor Investments
- Courts Ja. Ltd
- Sagicor Life Ja. Ltd
- Auto Smart Insurance
- Riviera Insurance Co. Ltd
- Canopy Insurance
- Allied Insurance Brokers
- BCIC

Table 1.A Responses to Credit Information Providers/Users Questionnaire

Question 1	**Question 2**	**Question 3**	**Question 4**	**Question 5**
Six respondents stated they submit data to only two credit bureaus, [CRIF and EveryData Jamaica]. One respondent stated that it submits data to one credit bureau only [CRIF]. Two respondents stated that they submit data to all three credit bureaus. One respondent stated that it does not submit data to any credit bureau.	Nine respondents stated that the credit bureau must be registered. Three respondents expressed the view that a compatible data platform is needed. Two respondents require adequate data security measures.	Seven respondents direct their customers to get reports from specified bureaus. Seven respondents stated that they request reports from any of only two credit bureaus [CRIF or EveryData Jamaica. One respondent stated their data platform is compatible with only one credit bureau [CRIF].	Eight respondents stated that a credit report is very significant in granting credit.	Three respondents stated that interest rates vary based on credit reports. Five respondents stated that information from credit reports and other measures may impact loan interest rates. Two respondents stated that credit reports have no impact on loan interest rates.
Question 6	**Question 8**	**Question 9**	**Question 10**	**Question 11**
One respondent stated they can generate sufficient customer credit information without going to	None of the respondents are considering establishing their credit bureau.	Four respondents stated that they do not believe it is commercially viable for another	Five respondents believe that data from non-traditional lending agencies should be included.	Nine respondents expressed the view that including utility payment habits in credit reports

the credit bureau.		credit bureau to enter the market. Two respondents argued that a new entrant would need value-added differentiated products to be viable in the market. Five respondents stated they were unable to answer.	One respondent stated that including data on bankruptcy, suits and judgements in credit reports would add value Three respondents argued that aligning data platforms between credit bureaus would improve the market. One respondent noted that recognized international reciprocity principles and standards should be observed in the exchange of information between bureaus and lenders/contributors Two respondents expressed the view that adding credit scores to reports would add value. Two respondents expressed the view that a faster dispute resolution will add value.	will add value to their operations.

Table 1.B Credit Report Requests for the Years 2019, 20202 and 2022 (Question 7)

Respondent	2019	2020	2021
1	2,178 from CRIF 4,589 from EveryData Jamaica	3,376 from CRIF 2,753 from EveryData Jamaica	3,067 from CRIF 1,033 from EveryData Jamaica
2	Approximately 5,500	Approximately 6,500	Approximately 7,000
3	Approximately 106,380	Approximately 48,640	Approximately 61,441
4	593	493	398
5	9,683	11,921	13,647
6	6,817	5,388	5,973
7	1,605	3,043	2,951
8	48,560 from CRIF 48,725 from EveryData Jamaica	40,936 from CRIF 42,964 from EveryData Jamaica	44,842 from CRIF 45,963 from EveryData Jamaica
9	4,179	1,587	2,414
10	14,557 from CRIF 15,033 from EveryData Jamaica	9,391 from CRIF 9,688 from EveryData Jamaica	11,158 from CRIF 11,289 from EveryData Jamaica

Questions to CIPs/CIUs

1. Do you provide credit information to all credit bureaus?
    a. If not, please state the name(s) of the bureau(s) to which you provide information.
    b. Please state the reason(s) you do not provide credit information to the other bureau(s)

2. What requirements must a credit bureau meet for you to provide them with information?

3. Do you stipulate that customers get credit reports from any of the three (3) providers?
    a. If not, do you accept credit reports from any of the three credit bureaus?
    b. If yes, which one(s)? Please state your reasons for preferring reports from the selected Provider (s).

4. How significant is a client's credit rating to successful business completion with your organization?

5. Do you vary the rate of interest that you charge clients based on their credit rating?

6. Can you generate a credit report or sufficient credit information for a customer without going through the credit bureau?
    a. If yes, please explain how.

7. How many credit bureau reports did you request in each of the years ending 2019, 2020, and 2021?

8. Are you considering establishing your credit bureau?

9. Given the demand for credit reporting services, would it be commercially viable for another credit bureau to enter the market?

10. What improvements would you want to see in the credit bureau services market?

11. Would credit reports, including customer utility payment habits, be of value to you?

Summary of Responses to Questions to Credit Information Providers/Users

- The responses indicate that two credit bureaus (CRIF and EveryData Jamaica) were more favored than the third (Credit Information Services Limited). Of the ten (10) respondents, six (6) stated that they provided credit information to CRIF and EveryData Jamaica only, one (1) respondent supplied to CRIF only, and two (2) respondents supplied all three credit bureaus, while one (1) respondent did not supply information to any credit bureaus.

- When asked why credit information was not supplied to all three (3) credit bureaus, two (2) respondents indicated that the information received from CRIF and EveryData Jamaica was sufficient. Another three (3) respondents stated that their system was incompatible with the third credit bureau (Credit Information Services Limited), and they were delighted with the information received from CRIF and EveryData Jamaica. One (1) respondent stated that they had no reason for not supplying information to Credit Information Services Limited. One (1) respondent stated that they only provide credit information to CRIF and EveryData because the other bureau did not fully satisfied its data sharing requirements. One (1) respondent stated that they only utilized information from CRIF and EveryData Jamaica. An additional reason why a third bureau was not used is that there were existing contracts with the other two bureaus with which the respondent is currently in business. The only respondent not to provide information to any credit bureaus stated that it previously provided information to all three bureaus but ceased due to a restructuring of their data formatting. However, it intended to resume the supply of credit information to at least one credit bureau by the first quarter of 2023.

- When asked about the requirement for them to supply credit information to the credit bureaus, nine (9) of the ten (10) respondents indicated that the bureaus must be licensed and registered. Additionally, three (3) of the ten (10) respondents indicated that the credit bureaus must operate with a compatible data platform. Two (2) respondents also posited data protection requirements.

- Eight (8) respondents stipulated that customers must get credit reports from specific credit bureaus; out of the eight (8) respondents which stipulate that customers get reports from specific credit bureaus, seven (7) stated that the reports must be issued by CRIF or EveryData Jamaica. Also, six (6) respondents stated they are satisfied with CRIF and EveryData Jamaica, while one (1) respondent posited that their data are compatible only with CRIF.

- Eight (8) respondents indicate that a credit report is significant in extending credit.

- Three (3) respondents indicate that customer interest rates vary based on credit reports. Five (5) of the respondents indicate that information from a credit report, in conjunction with other information, may impact the interest rate offered to customers. Two (2) respondents indicated that credit reports have no impact on loan interest rates.

- Only one (1) of the respondents is satisfied that they can generate sufficient credit information for customers without going through the credit bureaus.

- None of the respondents is currently considering establishing a credit bureau.
- Four (4) respondents stated it is not commercially viable for another credit bureau to enter the market. Two (2) respondent believes that a new entrant would need differentiated value-added products to be feasible in the credit reporting market. Five (5) respondents stated they were not able to answer.
- Nine (9) respondents believe that including utility payment habits in credit reports will add value to their operations.

GLOSSARY

Credit Information System Act (CISA)	A law (e.g., in the Philippines) requiring financial institutions to share credit data with a central authority or bureau.
Credit Report	A summary document of a borrower's credit history prepared by a credit bureau using information from multiple Providers.
Credit Reporting Market	The environment in which credit bureaus operate, collecting and sharing credit data between Providers and Users.
Data-Exchange Reciprocity	A rule requiring any User of credit reports to also provide their credit data to the bureaus.
Dispute Resolution Mechanism	The process for borrowers to challenge and correct inaccurate or outdated information in their credit reports.
Dynamic Efficiency	Market improvements over time due to innovation and increased product or service quality.
Entry Barriers	Obstacles preventing or discouraging new firms from entering a market (e.g., regulatory costs, limited access to data).
Financial Inclusion	Ensuring individuals, especially underserved populations, have access to affordable financial services and credit.
First-Mover Advantage	Competitive edge gained by firms that enter the market early, gaining exclusive access to data and clients.
Hire Purchase	A credit system allowing consumers to pay for goods in installments while using them immediately.
Information Asymmetry	A situation where one party has less or less reliable information than another, leading to inefficient or unfair market outcomes.
Input Foreclosure	A competitive issue where a firm is denied access to necessary inputs (e.g., credit data), limiting its market participation.
Market Failure	A situation where the free market does not allocate resources efficiently, justifying potential regulatory intervention.
Microfinance Company	A financial institution offering small loans and services to consumers who typically do not qualify for traditional bank credit.
Partner Plan / ROSCAs	Informal group savings systems (common in Jamaica) where members contribute to and withdraw from a pooled fund.
Provider (Credit Information Provider)	An entity that generates and submits credit information (e.g., banks, utility companies, microfinance firms) to credit bureaus.
Standardised IT Infrastructure	A shared technological system enabling efficient and secure data sharing between Providers and credit bureaus.
Static Efficiency	Market efficiency gains from current lower costs and better resource allocation, often from competition.
Timely, Likely, and Sufficient Entry	Conditions used to determine whether new firms can enter a market and promote competition effectively.
Underserved Consumers	Consumers who manage credit but are not tracked in any credit bureau's database due to lack of formal data reporting.
Universal Data Exchange	A policy requiring all Providers to share data with all licensed credit bureaus, ensuring equal access to information.
User (Credit Information User)	An entity that uses credit reports from bureaus to make lending, leasing, employment, or insurance decisions.