

SCHUFA Holding AG, Germany

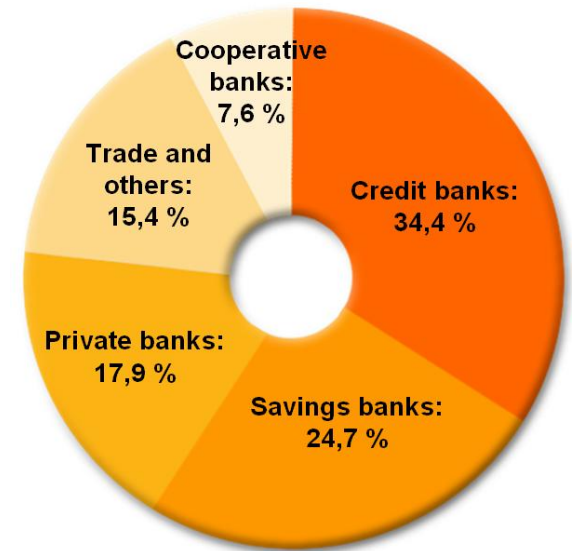
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We build confidence

schufa

SCHUFA Holding AG - Company Profile

- SCHUFA is a free-enterprise company (joint stock company) with 15 subsidiaries in Germany (including the headquarters in Wiesbaden)
- Founded 1927 in Berlin
- Registered individuals (million, 2009): 66
- Data entries (million, 2009): 462
- Revenue (million €, 2009): 98.07
- Employees (2009): 800



Experiences and Lessons Learned in Germany

- **Only private Credit Bureaus in Germany**

According to legal conditions and special role of SCHUFA as the “first-mover” initiated by the industry

- **Advantages:**

Part of the free market economy, credit institutions and other members of the PCB have influence on rules and prices of services (direct or indirect), flexibility, motivation (profit, new developments, innovation) and competition

- **Disadvantages:**

Voluntary membership of credit institutions, trade companies, telecommunication companies etc., can affect the completeness of the database

Experiences in Emerging Markets

Example Kyrgyz Republic:

- Started only with negative data, within a timeframe of 2 years expansion to positive data
- Development of legal framework slow and complex
- Break Even Point achieved after 3 years

Best practice in general:

- There is not *one* best practice for each country, each country is different and has own special requirements
- Organisation according to legal conditions (data protection, licenses), market potential, competition, necessary and available investments, investor requirements

Benefits of a Credit Information Bureau

- Support and enhancement of the access to the credit market for companies and individuals
- Protection of the borrowers against over-indebtedness
- Protection of the members against losses in the credit business due to availability of high quality data to support the decision process
- Increase of returns by professional risk management
- Enhancement of social & economic development
- Data of non-financial institutions (telecommunication, utilities, traders etc.) are early indicators for payment defaults



Credit Bureau Role on Financial Market

- Minimize information asymmetry between debtors and creditors, create balanced access to capital and information
- Allow creditors to evaluate risks more effectively, with low costs and as a result improve portfolio quality
- Make it more easy and quick for reliable payers to access capital sources and create a hurdle between financial sources and cheating
- Multiply the volume of credits and loans for companies and individuals
- Support introduction of advanced risk assessment technologies and show relevant data needed for payment behaviour prediction

Ideal Sponsors / Investor Profile - Financial Strategy

- Sponsors for foundation: Donor organisations, e.g. EBRD, ADB, IFC / World Bank etc., funds for the establishment of Credit Bureaus
- Investors: Banks and non-banks as shareholders
- Financial strategy:
 - Capital investment by banks and non-banks as shareholders, financing via prices for services and products, participation fees / minimum fees
 - External investors e.g. other international Credit Bureaus or software providers → license and maintenance services via equity participation

Thank you very much!

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