

Appendix E. Methodology for Depth of Credit Information

The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. A score of 1 is assigned for each of the following six features of the public credit registry or private credit bureau (or both):

1. Both positive credit information (e.g., outstanding loan amounts and pattern of on-time repayments) and negative information (e.g., late payments, number and amount of defaults and bankruptcies) are distributed.
2. Data on both firms and individuals are distributed.
3. Data from retailers and utility companies as well as financial institutions are distributed.
4. More than two years of historical data are distributed. Credit registries and bureaus that erase data on defaults as soon as they are repaid obtain a score of 0 for this indicator.
5. Data on loan amounts below 1 per cent of income per capita are distributed. Note that a credit registry or bureau must have a minimum coverage of 1 per cent of the adult population to score a 1 on this indicator.
6. By law, borrowers have the right to access their data in the largest credit registry or bureau in the economy. A public credit registry is managed by the public sector and is usually overseen by the central bank or affiliated banks that collect information on the creditworthiness of borrowers. The information is in the public domain and is shared among banks and regulated financial institutions.

The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public credit registry or a private credit bureau, to facilitate lending decisions. If the credit registry or bureau is not operational or has coverage of less than 0.1 per cent of the adult population, the score on the depth of credit information index is 0.