REFORMING CREDIT INFRASTRUCTURE IN THE CARIBBEAN REGION

ASSESSMENT OF CREDIT REPORTING AND SECURED TRANSACTIONS SYSTEMS IN 15 CARIFORUM COUNTRIES

Intervention of the ICR Facility at the request of
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INVESTMENT CLIMATE REFORM FACILITY

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EXECUTIVE SUMMARY

Access to inclusive finance is among the greatest challenges that businesses in the Caribbean region face when they start and while they operate. The same constraint burdens many people, as they too lack the sufficient financing they would need to properly plan for daily consumption and ad-hoc expenses, including for education and health. Micro and small businesses have struggled throughout sectors like manufacturing, tourism and retail, as many have not been able to operate under lockdowns and quarantines. The Covid-19 pandemic has had a profound negative impact on both people and the economies in the region, further exacerbating those constrains. The pandemic disrupted supply chains, cut foreign investments, and threatened the business operations of firms everywhere, while people struggled to make ends meet while juggling between working from home, if their jobs allowed, or running the health risks involved in essential activities that could not be performed from home. Improving access to finance in the Caribbean region can help the recovery from the pandemic crisis.

This report focuses on credit infrastructure reforms that countries in the region can pursue on their own or in the context of regional initiatives to improve access to inclusive finance for businesses and individuals. The credit infrastructure is the backbone where borrowers, which demand credit, and lenders, which supply credit, operate. A healthy and vibrant credit infrastructure allows for an efficient and rapid clearance of the market. The credit infrastructures assessed in this report focus only on (1) credit reporting systems, including both credit bureaus and public registries, that publicize credit histories and allow the estimation of financial risk, and the legal framework that allows for their correct functioning and protect the data privacy rights of users; and on (2) secured transactions systems, which include electronic registries for notices of security rights (i.e. collateral registries) and their enabling legal frameworks, which allow for the publicization of rights on moveable assets.

In the Caribbean region, asymmetric credit information between borrowers and lenders is exacerbated by the uneven presence of legal frameworks for credit information sharing and secured transactions, the under-optimal diffusion licensed private credit bureaus, and the dearth of public credit registries and collateral registries. Among the fifteen countries assessed, only the Dominican Republic, Guyana, Haiti, and Jamaica have dedicated credit reporting legislations that regulate their credit bureaus' operations. The Bahamas has enacted credit reporting legislation, but its credit bureau is not yet fully operational. Private credit bureaus operate in four other countries – Barbados, Belize, Suriname, and Trinidad and Tobago – following code of conducts introduced by the private sector, without the supervision of a central authority. These codes have allowed the functioning and, in Trinidad and Tobago, the thriving of a credit information market, notwithstanding the legislative vacuum.

During the last ten years, the Caribbean region has slightly improved its credit infrastructure. The credit information market has taking shape in some countries where it had long been missing, like in The Bahamas and, to a lesser degree, in Suriname, while multinational credit information companies have expanded operations in the region, including Creditinfo and CRIF. The ECCB has successfully introduced a harmonized legal system in the OECS countries, and it is now supporting the launch of a unified credit bureau. At the same time, it has recently started to replicate those efforts to introduce a unified system for secured transactions. These regional ecosystems have been slower to take hold in the region, with some notable exception. Jamaica has had a dedicated legal framework for secured transactions since 2013, when it passed dedicated legislation and it established the NSIPP Registry. It is now working on the improvement of the secondary markets for collateralized goods and the facilitation of new commercial platforms. The Dominican Republic introduced a new secured transactions law in 2020 and it is now in the process of operationalizing the collateral registry.

Countries in the region have many options to improve their credit information markets and secured transaction systems. First and foremost, they should strengthen a regional institutional infrastructure that is appropriate to the credit demand by individuals and businesses, and that can fully allow financial intermediaries, included but not limited to commercial banks, contribute to the market. As the informal sector is prevalent in virtually all countries in the region, the credit infrastructure should try to address the lack of credit information about informal businesses too. For example, innovative fintech solutions can enable banks to capture the spending behavior of sole proprietors unknown to the fiscal authority and approximate their creditworthiness accordingly.

Ideally, any credit infrastructure reform should be preceded by the introduction of a policy that details the rationale for change and positions it within the broader country context and budget plan. Legal reforms would preferably precede institutional reforms, but this is not always the case. Legislative reforms have typically included the drafting and approval of new credit information (or reporting) bills, or the streamlining and improvement of existing regulations like in Guyana, which in 2016 amended its 2010 Credit Reporting Act. Institutional reforms have usually involved the improvement of credit coverage or the widening of available credit products with the introduction of private credit bureaus. On the secured transaction front, some countries have reviewed their existing legal system to ensure that key provisions for secured transactions were included, while others chose for a complete overhaul of the system. There are potential synergies between secured transactions and credit reporting systems, often untapped, as a government agency that is successfully managing one registry could also take on the management of the second. For example, the ECCB can leverage from the lessons learnt when designing and finalizing a harmonized credit information legislation in the region and use it on a similar endeavor on the secured transaction front.

Finally, a strong political leadership in the reform process is key for success, and even more importantly, countries in the region have many untapped opportunities for collaboration and cooperation, including sharing and learning from their own reform experiences, taking advantage of regional initiatives that could allow for the creation of regional markets, and further tapping into the expertise of development partners that have had a long presence in the region. For example, the CARICOM Secretariat has worked for many years to draft a harmonized credit information model law that could facilitate the introduction of similar legal systems at country level. The ECCB has spearheaded efforts to introduce a harmonized credit reporting system in the OECS countries that should allow for winning over the small market size of the OECS countries. When possible, this report highlights the trade-off between introducing a country specific legislation or tapping into regional reform initiatives.

TABLE 1: Priority Policy Recommendations

A. Regional Policy Recommendations			
Policy Area	**Entity Responsible for Implementation**	**Reform Recommendation**	**Timeline /***
Credit Reporting	CARICOM Secretariat	Finalize the draft Model Credit Reporting Bill	Short
	CARICOM Secretariat	Disseminate the final Model Credit Reporting Bill to member states	Medium
	CARICOM Secretariat	Disseminate Policy on Credit Reporting to member states	Short
	CARICOM Secretariat CARICOM member states	Evaluate the option of introducing cross-border supervisory mechanisms	Short
	• CARICOM Secretariat • CARICOM member states	Design an ad hoc regional credit reporting strategy	Medium
	OECS member states /**	Agree on key logistical principles for Creditinfo ECCU's operations	Short
	OECS member states /**	Incorporate Creditinfo ECCU	Short
	ECCB Creditinfo ECCU	Conduct extensive awareness campaigns on the new Harmonized Credit Reporting Bill	Medium
Secured Transactions	ECCB	Draft a new regional framework for secured transactions	Medium
	ECCB	Draft an RFP to design and implement a new regional collateral registry	Medium
	ECCB	Scope the need to facilitate the creation of secondary markets for security interests	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.
/** Among the members of the Organization of Eastern Caribbean States (OECS), this report includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

B. Country-specific Policy Recommendations				
Country	**Policy Area**	**Entity Responsible for Implementation**	**Reform Recommendation**	**Timeline /***
The Bahamas	Credit Reporting	Central Bank	Consider the revision of the provision in the Credit Reporting Regulations (2019) that allows for tenant screening	Short
		• Central Bank • CRIF Bahamas	Conduct extensive awareness campaigns on the Credit Reporting Act and the Credit Reporting Regulations	Medium
		Central Bank	Conduct periodic surveys to capture any potential challenges to the new credit reporting system	Medium
	Secured Transactions	Central Bank	Complete the diagnostic study on the legal and operational framework for secured transactions to be introduced	Short
		Central Bank	Develop training programs to improve MSMEs capacity to conduct financial management of their operations in line with creditors' information needs	Short
		Central Bank	Ensure that the priority scheme in the new secured transaction law ranks secured creditors as high as possible, while respecting other critical national policy objectives	Medium
		Central Bank	Scope the need to facilitate the creation of secondary markets for security interests	Medium

Country	Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Barbados	Credit Reporting	Ministry of Finance	Finalize the draft Credit Reporting Bill and submit it to Parliament for approval	Short
		Central Bank	Conduct extensive awareness campaigns on the new Bill (once approved)	Medium
		Central Bank	Conduct periodic surveys to capture any potential challenges to the new credit reporting system	Medium
	Secured Transactions	Ministry of Energy, Small Business and Entrepreneurship	Define scope of the new secured transactions law, the timeline for drafting, and potential technical partners	Short
		Central Bank	Draft a new secured transactions law	Medium
		Ministry of Energy, Small Business and Entrepreneurship	Draft and issue an RFP to design and implement a new collateral registry	Medium
Belize	Credit Reporting	Cabinet	Review and endorse the National Credit Reporting System Bill	Short
		National Assembly	Approve the National Credit Reporting System Bill	Medium
		Central Bank	Assess market conditions for creating a credit reporting market	Short
		Central Bank	Draft and issue an RFP to license private credit bureau(s)	Medium
	Secured Transactions	Ministry of Investment, Trade and Commerce	Finalize the draft secured transactions law and submit it to the National Assembly	Short
		Ministry of Investment, Trade and Commerce	Draft and issue an RFP to design and implement a new collateral registry	Medium
The Dominican Republic	Credit Reporting	*Superintendencia de Bancos*	Collect comprehensive data from all credit registries and make them publicly available	Short
	Secured Transactions	*Ministerio de Industria Comercio y MiPymes*	Issue the secondary regulations necessary for the operationalization of SEGM	Short
		Ministerio de Industria Comercio y MiPymes	Operationalize the SEGM and launch its access to the public	Medium
		Ministerio de Industria Comercio y MiPymes	Ensure that impact assessment reports are conducted at least every six months	Medium
Guyana	Credit Reporting	• Bank of Guyana • Creditinfo (Guyana)	Conduct extensive outreach of the Credit Reporting Act, particularly in financially underserved areas, including through financial literacy and awareness programs	Short
		Bank of Guyana	Amend the Credit Reporting Act by introducing provisions that (i) clearly define CIPs and (ii) regulate financial institutions' credit risk management across the loan life cycle	Medium
	Secured Transactions	Ministry of Legal Affairs	Finalize the draft secured transactions law and submit it to the National Assembly	Short
		Ministry of Legal Affairs	Draft and issue an RFP to design and implement a new collateral registry	Medium

Country	Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Haiti	Credit Reporting	Parliament	Enact the new credit reporting legislation	Short
		Banque de la République d'Haïti	Assess market conditions for creating a credit reporting market	Short
		Banque de la République d'Haïti	Draft and issue an RFP to license private credit bureau(s)	Medium
	Secured Transactions	Senate	Approve the Presidential Decree that updates the secured transaction law	Short
		Direction Générale des Impôts	Finalize the operationalization of the new online collateral registry	Short
		Direction Générale des Impôts	Ensure that impact assessment reports are conducted at least every six months after the introduction of the new registry	Medium
Jamaica	Credit Reporting	All credit bureaus	Ensure interoperability between private bureaus' system platforms	Short
		Ministry of Industry, Investment and Commerce	Provide training to banks' personnel to use credit reports for pricing the risk of loans	Short
		Bank of Jamaica	Amend the Credit Reporting Act and Regulations by including the recommendations provided by the 2020 legislative review	Medium
		Bank of Jamaica	Design and roll out a long-term strategy to provide extensive awareness campaigns on the benefits of credit information sharing	Medium
	Secured Transactions	Ministry of Industry, Investment and Commerce	Amend the SIPP Act by including the recommendations provided by the last legislative review	Short
		Companies Office of Jamaica	Upgrade the NSIPP Registry following the recommendations from the technical review	Medium
		Ministry of Industry, Investment and Commerce	Facilitate the establishment of a single (online) platform to facilitate the trade of multiple types of movable assets	Medium
		Ministry of Industry, Investment and Commerce	Ensure that impact assessment reports are conducted at least every six months	Medium
St. Lucia	Credit Reporting	Parliament	Approve ECCB's Harmonized Credit Reporting Bill	Short
	Secured Transactions	Attorney General	Finalize the draft secured transactions law and submit it to Parliament	Short
		National Productivity and Competitiveness Council	Complete the institutional set up of the collateral registry at the Registry of the High Court	Medium
St. Vincent and the Grenadines	Credit Reporting	Parliament	Approve ECCB's Harmonized Credit Reporting Bill	Short

Country	Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Suriname	Credit Reporting	Parliament	Pass the final Credit Reporting Bill	Short
		Central Bank	Draft and issue an RFP to license private credit bureau(s)	Medium
		Central Bank	Conduct extensive awareness campaigns on the benefits of credit information sharing	Medium
	Secured Transactions	Ministry of Trade and Industry	Finalize the draft secured transactions law and submit it to Parliament	Short
		Ministry of Trade and Industry	Draft and issue an RFP to design and implement a new collateral registry	Medium
Trinidad and Tobago	Credit Reporting	• Ministry of Finance • Central Bank	Create a steering committee with key stakeholders to draft a new Credit Reporting Bill	Short
		• Ministry of Finance • Central Bank	Draft and issue an RFP to license private credit bureau(s) according to the requirements of the new bill	Medium
	Secured Transactions	Ministry of Trade and Industry	Complete the revision of the existing draft secured transactions law and submit it to Parliament	Short
		Ministry of Trade and Industry	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

1. ACCESS TO CREDIT IN THE CARIBBEAN REGION[1]

As several firm-level surveys have confirmed since 2010, access to finance remains the greatest challenge that businesses in the Caribbean region face when they start operations and while they operate, a top constraint shared with firms in Latin America and the rest of the world.[2] Lack of inadequate financing has been consistently related with poor firm performance and growth via inadequate innovation – to the contrary, the more firms access source of financing, the more they innovate their products, services, internal workflows, and external operations.[3]

Businesses in the Caribbean region face several additional constraints, including a challenging investment climate, poor and limited infrastructure, and small domestic markets, which overall have restrained productivity growth and competitiveness. Several studies have confirmed these trends in many countries, including in Caribbean region, indicating that insufficient access to finance weakens firm productivity growth.[4]

The same constraint holds true for people living in the Caribbean region. They have pointed out in several household-level surveys that they lack the adequate financing they would need to smooth out consumption and increase investment, including in education and health, as well as to insure against unfavorable events. For the poor, the problem is exacerbated as access to basic financial services such as payments, savings and insurance facilitate could facilitate day-to-day living and helps families plan for everything and improve their overall quality of life.[5]

Countries in the Caribbean region can be broadly divided in economies that are largely dependent on tourism (i.e., Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Jamaica, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines), and those that depend on mining, minerals, and agricultural commodities (i.e., Belize, Guyana, Haiti, Suriname, and Trinidad and Tobago), most notably gold, aluminum ore, petroleum products, sugar, bananas, and rice. Overall, business services and tourism are the largest contributor to economic growth, while in Trinidad and Tobago and in Guyana oil exports are the main drivers of their economy, notwithstanding the recent volatility in oil prices. In 2019, tourism accounted for approximately 43% of GDP in The Bahamas and Antigua and Barbuda, and 41% in St. Lucia and Grenada. In OECS countries, tourism and travel contributed on average to almost 40% of total employment, including almost 60% in St. Kitts and Nevis.[6] Guyana, Suriname, and Trinidad and Tobago rely heavily on commodity export, notably mining and energy. Guyana, exports heavily gold and aluminum ore, Suriname exports both gold and wood, while Trinidad and Tobago's exports include predominantly oil and gas.[7]

Resource-based economies have tended to grow more than tourism-based economies, largely due to the international commodity boom in the early 2010. According to a 2016 analysis, Guyana and Suriname, which tend to be commodity exporters, grew on average by over 4% in 2007-13, while Antigua and Barbuda and Jamaica, whose economies are based on tourism, had negative economic growth in the same period.[8]

Following the 2009-11 financial crisis, Caribbean governments recognized the importance of addressing the regulatory bottlenecks faced by the private sector, as they acknowledged their limited resources to ensure adequate safety nets and broad welfare benefits to their populations, and the need to unlock the full potential of their private sectors. Micro and small businesses are a key pillar in the regional private sector as they have the potential to make investments, engage in trade, create jobs, increase productivity, and provide goods and services that are needed to improve people's living standards.

1 This report refers to the Caribbean region as including the CARIFORUM countries of Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, in addition to Dominican Republic. The Caribbean Forum (CARIFORUM) is a subgroup of the Organization of African, Caribbean and Pacific States and serves as a base for economic dialogue with the European Union.

2 Inder Ruprah and Ricardo Sierra, "An Engine of Growth? The Caribbean Private Sector Needs More than an Oil Change," Inter-American Development Bank, 2016. The main data used in this analysis are from the World Bank Group's 2010 Enterprise Surveys and the 2014 Productivity, Technology and Innovation (PROTEqIN) Survey. The Compete Caribbean program funded the roll out of both surveys, used in this study and often in others as a panel dataset sue thanks to methodological consistencies.

3 Ayyagari, Meghana, Asli Demirgüç-Kunt, and Vojislav Maksimovic. "Financing of firms in developing countries: lessons from research," World Bank Policy Research Working Paper 6036, 2012.

4 Abhijit Banerjee and Esther Duflo, "Do Firms Want to Borrow More? Testing Credit Constraints Using a Direct Lending Program," The Review of Economic Studies 81: 572–607, 2012; Sylvia Dohnert, Gustavo Crespi and Alessandro Maffioli, "Exploring firm-level innovation and productivity in developing countries: the perspective of Caribbean small states," Inter-American Development Bank, 2017.

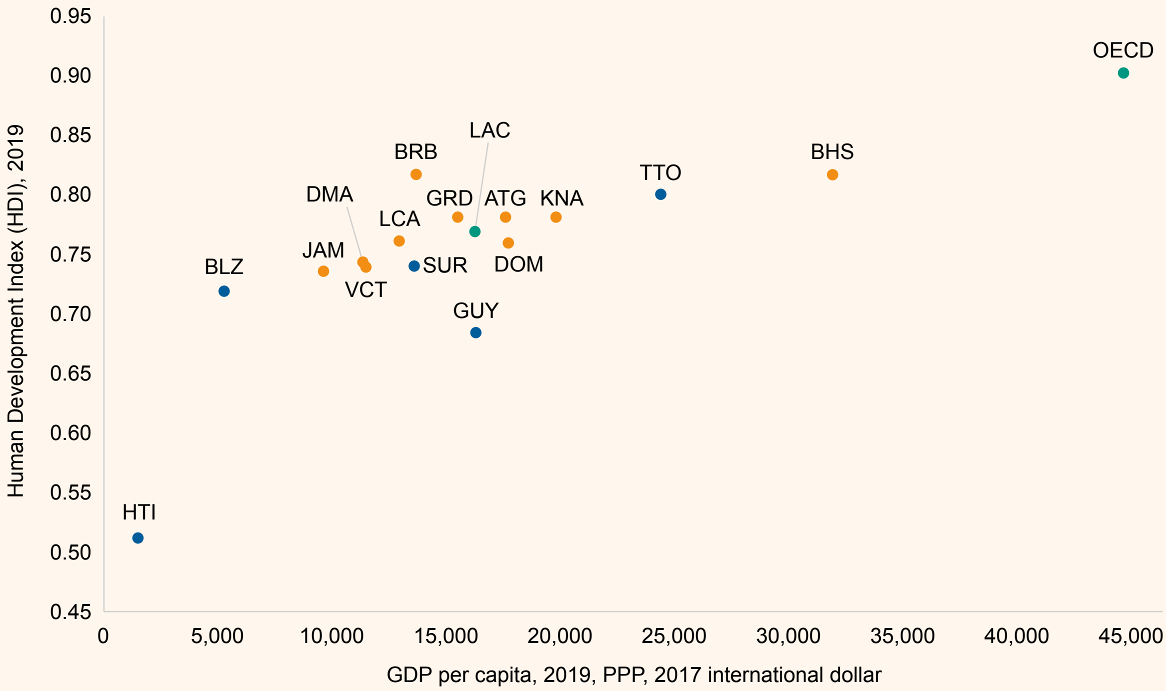
5 World Bank Group, "Global Financial Development Report 2019 / 2020: Bank Regulation and Supervision a Decade after the Global Financial Crisis," Washington, D.C., 2020.

6 World Travel & Tourism Council, 2021.

7 UN Comtrade, 2021.

8 Ibidem, 2016.

FIGURE 1: Resource-based economies grew more than tourism-based economies



Note: Orange = tourism-dependent; blue = commodity-dependent. The HDI is a composite index that measures average achievement in three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living.
Source: UNDP, Human Development Index, 2020; World Economic Outlook, IMF, 2020.

The ongoing Covid-19 pandemic has endangered the fragile foundation on which a tenuous recovery took place after the 2009-11 financial crisis. Except for Guyana, in 2020 all countries in the region have experienced deep recessions, stark job losses, and long-lasting damages in the financial situations of households and businesses. As the pandemic hit the region, all the tourism-dependent economies were heavily hit, as tourist flows came to a halt almost overnight. Commodity exporters were hit by an external shock in the form of lower commodity prices. While prices for oil and natural gas have since stabilized, oil prices remain about 20% below the average for 2019.[9] There is now a renewed urgence to prioritize long-due structural reforms to the investment climate. In particular, there is broad recognition that enabling and strengthening access to credit in the region is one of the most effective way of allowing for a vibrant economic growth.

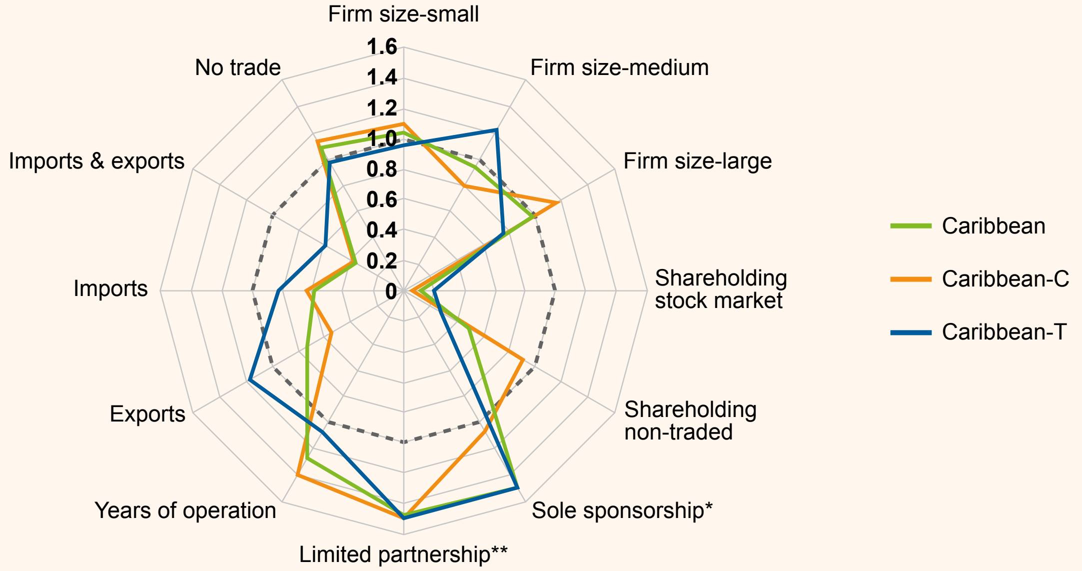
1.1. OVERVIEW OF THE PRIVATE SECTOR

The private sector is a key contributor to economic and social development, and in the Caribbean region it accounts for over 50% of regional enterprises and more than 50% of the regional GDP.[10] According to a 2014 survey conducted in Belize, Guyana, Jamaica, and Suriname, the private sector consisted of approximately 75% of micro and small enterprises, which tend to be sole proprietorships or limited partnerships concentrated in retail and tourism.[11] Firms in the Caribbean region also tend to be smaller and older than those in similar small economies outside of the region, highly concentrated in medium-sized localities, and primarily owned locally.[12]

Micro and small businesses in the region lack strong linkages to global value chains, tend to have poor access to international trade, and rely upon intermediaries to reach external markets.[13] Reaching economies of scales is complicated as domestic markets are micro or small in size. According to the

9 International Monetary Fund, “World Economic Outlook for 2020,” October 2020.
10 Caribbean Development Bank (CDB), “Micro, Small & Medium Enterprise Development in the Caribbean: Towards A New Frontier,” 2016.
11 “Multilateral Investment Fund (MIF), “Building Up Business: Microenterprise Demand for Credit in the Caribbean,” Inter-American Development Bank, May 2014.
12 Ruprah and Sierra, 2016.
13 Ibidem, 2016.

FIGURE 2: Caribbean firms are mostly old, micro and small, sole proprietors and LLCs



Note: Caribbean-C = commodity-dependent countries; Caribbean-T = tourism- dependent countries.
Source: Enterprise Surveys, World Bank Group, 2010 (as presented in Ruprah and Sierra, 2016).

Enterprise Survey 2010, about 75% of Caribbean firms operate in seven industrial sectors: 24% in retail, 15% in hotels and restaurants, about 11% in food and tobacco, about 9% in transport, about 8% in construction, and about 5% in services of motor vehicles and in wholesale retail, respectively.[14]

Firms in the region tend to invest less as a proportion of GDP and total investment with respect to similar small economies outside of the region, and this investment gap tend to be larger for commodity-dependent countries than for those dependent on tourism. Also, Caribbean firm's performance has stagnated over time.[15] The efforts to create a more stable and mutually advantageous regional integration in the form of the Caribbean Community (CARICOM), which includes all CARIFORUM independent states with the exception of the Dominican Republic, was intended to overcome some of the intrinsic challenges the micro and small markets in the region faced.

The Covid-19 pandemic has had a profound negative impact on the private sector. Micro, small, and medium enterprises, which generate as much as half of all jobs in the region, have been struggling throughout sectors such as manufacturing, tourism and retail, and many have not been able to operate under lockdowns and quarantines. The pandemic has also disrupted supply chains, as cross-border trade has been severely limited, cut foreign investments, dislocated trade flows, and threatened the business operations of firms everywhere in the region. The crisis has also upended investment decisions by the private sector, which are affecting its current and future growth and its capacity to be a driver of economic activity and create jobs.[16]

The informal sector in the Caribbean region is large.[17] According to the Enterprise Surveys, the vast majority of firms are formal – based on the criteria of having a business license or paying some taxes.[18] However, informality in terms of employment is common. Based on the ILO's definition of informality and labor force data, informal employment varies considerably in the region. In St. Lucia, the rate of informal employment in 2019 was almost a third of active work, whereas in Haiti it was over 90%.[19] In other countries in the region where data is available, the infor-

14 Enterprise Surveys, World Bank Group, 2010.

15 Ruprah and Sierra, 2016.

16 International Finance Corporation (IFC), "Covid-19 Economic Impact. Latin American and the Caribbean," May 2020.

17 Formality is a multifaceted concept. At the firm level, it can include various forms of legal registration (trade license, tax identification number), membership in business associations and the chamber of commerce, the use of formal finance, the degree of information technology used by the firm, and the business practices and record keeping that a firm does.

18 Enterprise Surveys, World Bank Group, 2020.

19 ILO, 2012-19. Data for each country are in parenthesis: Barbados (2016), Dominican Republic (2019), Guyana (2018), Haiti (2012), Saint Lucia (2019), Suriname (2016). Informal employment defined following ILO (2013) as those employed but not in regular wage/ salaried work or high-end self-employment. This definition encompasses all workers who work as casual paid employees, contract/piece paid workers, own-account workers, and family workers. In addition, regular paid employees without a contract of employment and/or access to any kind of fringe benefits (gratuity, provident fund payments, overtime payments, annual payments, sick leave, casual leave, maternity/ paternity leave, or compensation for injury, disability or death due to work accidents or occupational disease) are also counted as informally employed.

mal employment is somewhere in the middle, including in Suriname (52.1%), Dominican Republic (54.3%), Guyana (58.1), and Barbados (62.2%). A 2015 Informal Sector Survey (ISS) in Jamaica found that about 37% of employed persons worked in the informal sector, and the top two industries employing informal workers were wholesale and retail trade (38.2%) and construction (20.5%).[20] Expectedly, informality is a phenomenon more common among those with less education and in poorer households. Overall, the informal nature of the majority of Caribbean micro and small businesses makes connecting supply and demand of capital difficult for banks.

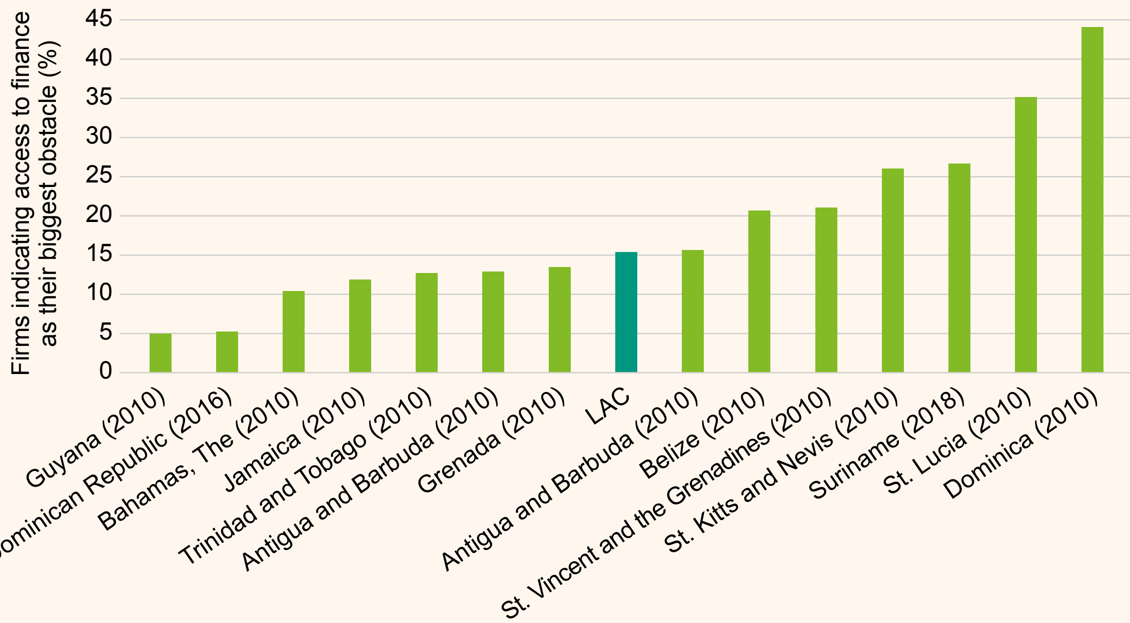
1.2. INVESTMENT CLIMATE: CHALLENGES AND OPPORTUNITIES

Entrepreneurs in the Caribbean region face several obstacles when they decide to start and operate a business, ranging from difficulties in accessing the start-up capital or, later, the working capital required; the need to obtain several licenses and permits to formally operate; and the burden of long times to secure the titles necessary to move in the business premises. Heavy regulations, in turn, push many businesses to remain informal, which in turn prevent them to grow and makes it difficult to export, in addition to reducing the receipts the governments should legitimately collect.

Overall, the Caribbean region's economies lag behind the top global performers on key measures of regulatory efficiency. According to the World Bank Group's Doing Business 2020 report, Jamaica was the best performing economy in the Caribbean region, ranking 71 out of 190 economies measured in the ease of doing business,[21] followed by St. Lucia (93), Trinidad and Tobago (105), Dominica (111), Antigua and Barbuda (113), Dominican Republic (115), and The Bahamas (119). The other countries in the region ranked below the global rankings' bottom third, including Barbados (128), St. Vincent and the Grenadines (130), Belize (135), Guyana (134), St. Kitts and Nevis (139), Grenada (146), Suriname (162), and Haiti (179). In the Latin American and Caribbean group, Jamaica only lags behind Mexico, Colombia, and Puerto Rico. While Suriname and Haiti are among the most difficult places globally where to conduct business, Haiti has also been among the few countries in the region that in recent years has introduced reforms and improved its ease of doing business score, together with Antigua and Barbuda, the Dominican Republic, and Guyana.

According to the World Economic Forum's Global Competitiveness 2019 report, the five countries in region

FIGURE 3: More Caribbean firms indicate access to finance as their biggest obstacle than LAC average



Source: Enterprise Surveys, World Bank Group.

20 Statistical Institute of Jamaica. (2020). 2015 informal sector survey report. Kingston, Jamaica: Statistical Institute of Jamaica.
21 The ease of doing business ranking is a simple average of the country percentile rankings on each of the 10 topics covered by the Doing Business report.

included in the rankings – Barbados, Dominican Republic, Haiti, Jamaica, and Trinidad and Tobago – tend to score poorly relative to other small economies, and the rest of the world generally, on the quality of their public institutions, which is negatively related to low levels of overall competitiveness. All the countries were ranked in the bottom half of the 141 economies covered in the report.

Financial services' indicators show encouraging progresses in some countries, as the next chapters will show. For example, in 2017 the percentage of adults with an account at a financial institution in Trinidad and Tobago (81%) and in the Dominican Republic (55%) was above the regional average (54%). However, according to the Enterprise Surveys, in the eleven countries out of the fifteen analyzed in this report, firms reported access to finance as their biggest obstacle to doing business – and in six of them, firms reported it as their top concern. Firms in Guyana and the Dominican Republic have a less negative perception about this constraint, whereas over a third of businesses interviewed in Dominica and St. Lucia complained about the lack of access to financial resources.[22]

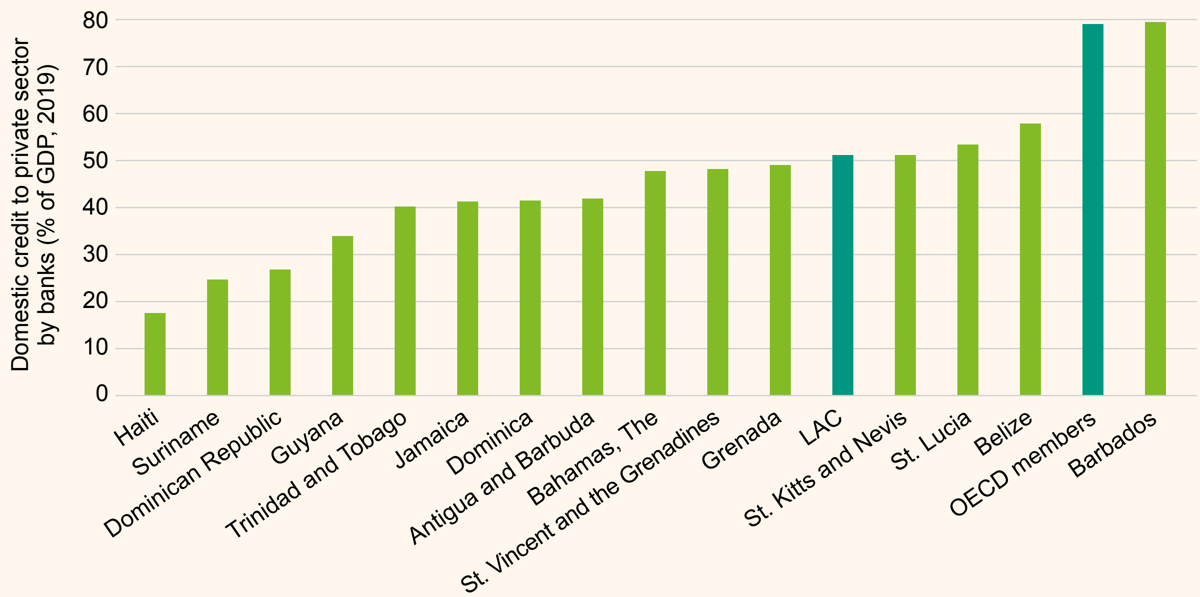
A firm-level survey in 2014 shows some areas where institutions in the Caribbean perform well. For example, senior management spent on average only about 5% of time per week dealing with requirements of government regulation, and the proportion was not above 10% anywhere in the region. In addition, in all countries surveyed with the exception of Belize, Guyana and St. Lucia, the majority of respondents said that customs and trade regulations were either not an obstacle, or a minor obstacle to doing business.[23]

1.3. SUPPLY OF CREDIT

At the macroeconomic level, several Caribbean countries present fragile financial sectors and broadly underdeveloped credit markets, as banking performance shows along two dimensions in particular, credit to the private sector and lending interest rates.

Historic data show that credit supply has been lagging for several years. When considering the private sector, the supply usually refers to loans, purchases of non-equity securities, and trade credits. The financial intermediaries include commercial deposit-taking banks, as well as other financial corporations, including finance and leasing companies, money lenders, insurance corporations, pension funds, and foreign exchange companies. With the exception of Barbados, the latest data available show that financing provided to the private sector is lagging throughout the Caribbean region, specifically for start-ups and early-stage enterprises. Since 2011, bank deposits have increased substantially in many Caribbean countries, with the exception of the OECS members states and The Bahamas, where col-

FIGURE 4: Domestic investment is lagging throughout the Caribbean region



Source: IMF, International Financial Statistics and data files, World Bank and OECD GDP estimates.

22 Enterprise Surveys, World Bank Group, 2010-18.
23 Ruprah and Sierra, 2016.

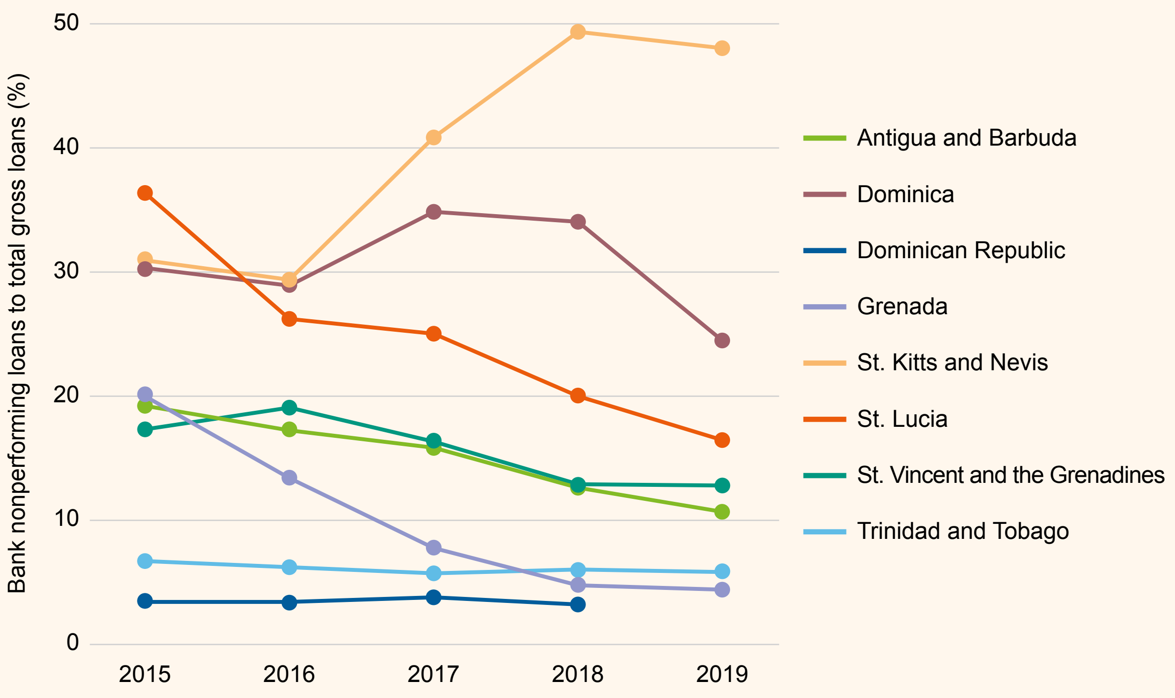
lectively bank deposits decreased, but at a slower rate than bank loans.[24] Loan supply capacity, as measured by bank deposits, is growing faster than loan absorptive capacity.[25]

Lower interest rates should help make commercial bank lending more attractive to borrowers when compared with the lending rates of microfinance institutions.[26] While interest rates in the Caribbean have been trending downwards in many countries in the region since 1999, with the notable exception of Suriname, they are still on average very high when compared with rates in more developed countries.[27] In 2014, average interest rates varied from a low of 7% in Trinidad and Tobago to a high of approximately 17% in Jamaica. Interest rates in the OECS and Barbados have seen recent declines, partly as a result of central bank policies aimed at increasing the intermediation of commercial banks in weak domestic markets. The Eastern Caribbean Central Bank (ECCB) reduced its minimum deposit rate from 3% to 2% and the Central Bank of Barbados has eliminated minimum deposit rates altogether.

The IMF has long recommended that governments in the region reduce the systemic risk by lowering the levels of non-performing loans (NPLs), deregulate the markets in order to decrease market concentration, and clean up balance sheets.[28] As a result, during the last five years, banks in some countries were able to substantially lower the value of nonperforming loans (NPLs) over the total value of the loan portfolio, including in Dominica, Grenada, St. Lucia, and Trinidad and Tobago. NPLs remain substantially high in St. Kitts and Nevis (24%) and Dominica (over 12%). Commercial banks in these and other countries with a similar proportion of NPLs tend to become more risk averse and raise their credit assessment standards, resulting in bank loans that can decline.[29]

Access to credit is made more difficult by outdated bankruptcy laws and relatively high levels of collateral. According to the Enterprise Surveys, in 2010 commercial banks in the region required firms to provide on average a collateral of about 193% of the value of the loan requested. This value in 2016 was about 174% of the loan amount in the Dominican

FIGURE 5: Bank nonperforming loans in the Caribbean have recently decreased



Note: Data available only for the countries displayed.
Source: MF, International Monetary Fund, Financial Soundness Indicators.

24 Enterprise Surveys, World Bank Group.
25 Compton Bourne, "The Liquidity Problem in Caribbean Commercial Banks," Caribbean Centre for Money and Finance Newsletter, Vol. 7, No. 12, December 2014.
26 Lending rates can be seen as the average percentage lending rate based on rates that are typically differentiated according to the creditworthiness of borrowers and the objectives of financing.
27 WDI, World Bank Group.
28 IMF, 2014
29 WDI, World Bank Group.

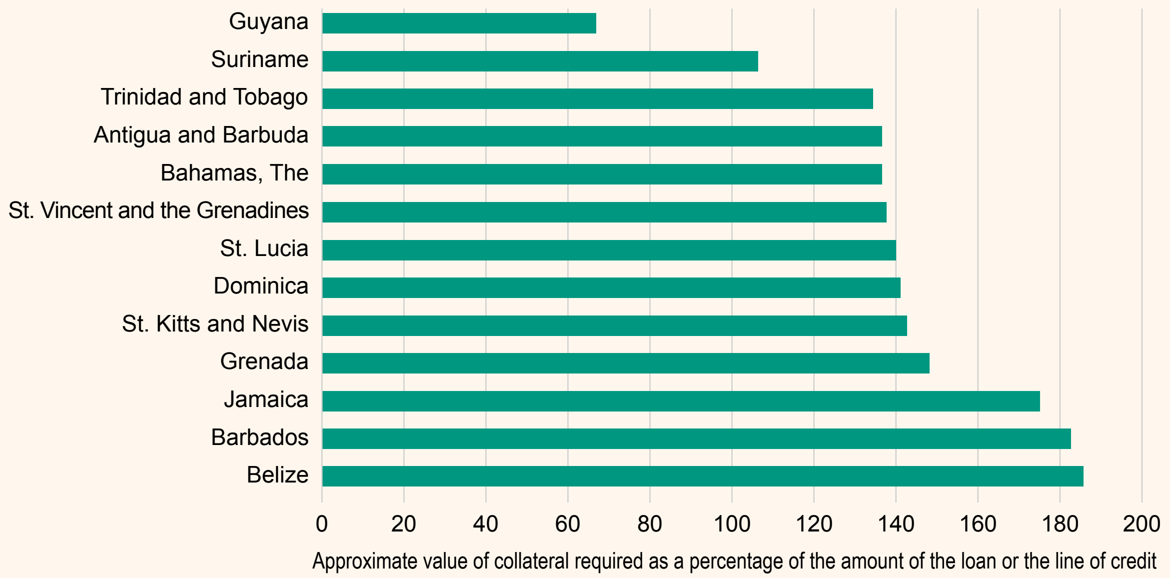
Republic, while in 2018 it was 242% in Suriname.[30] During the same time, about 80% of all loans offered by commercial banks did require a collateral. However, the value of the collateral requested has slighted decreased over time. According to the PROTEqIN Survey, in 2014 commercial banks in all countries in the region, with the exception of Guyana, required a collateral of over 100% of the loan or line of credit requested, and in Barbados, Belize and Jamaica the value exceeded 170% of the loan value.[31]

In order to offer credit, commercial banks tend to ask for high collaterals for several reasons. First, secondary markets for liquidated assets are weak or absent which, as we will see in the next chapters, contribute to making the case for the introduction of modern secured transaction systems in the region. Secondly, in some Caribbean countries banks are not allowed to auction off collateralized property at values that are lower than the minimum levels stipulated by law (e.g., in Barbados and in Grenada), which restricts the liquidation of collateral. Third, Central Bank's prudential regulations stipulate that banks must adequately cover their loans (with collateral). Fourth, alternative adequate financial intermediation tends to be absent.[32]

Microenterprises can also seek credit from microfinance service providers, which include credit-only non-profit organizations, credit unions, cooperatives, and commercial banks; and informal financing alternatives, such as rotating savings and credit associations (ROSCA), moneylenders, and supplier credit. Credit from microfinance institutions in the region is aligned with that offered by similar economies outside the region. In April 2014, the Caribbean Micro Finance Alliance (CMFA) had 24 participating lending institutions as members in nine Caribbean countries: Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, Suriname and Trinidad and Tobago. The combined CMFA member portfolio showed 447,352 active clients and a gross loan portfolio of $26.4m. Two credit institutions – JN Small Business Loan Company in Jamaica and IPED in Guyana – accounted for 68% of the total portfolio, with respectively 14,000 and 4,500 loans issued annually.[33]

According to a 2014 survey, the cost of loan from microfinance institutions in the region is higher than from a bank – often the interest rates are around 25% per year, compared to an average cost of bank loans of 12-17% on a yearly basis. However, other collateral requirements from microfinance institutions tend to be less onerous than commercial banks' and they are often limited to resaleable or marketable assets owned by the borrower. Other factors that may explain the preference of microentrepreneurs towards loans from microfinance institutions are the inclination to low-cost,

FIGURE 6: Banks in the region require collaterals well over the loan amount



Source: PROTEqIN Survey, 2014, as reported in "Private Sector Development in The Caribbean: A Regional Overview," The Economist Intelligence Unit, 2015.

30 Enterprise Surveys, World Bank Group, 2010-19.
31 "Private Sector Development In The Caribbean: A Regional Overview," The Economist Intelligence Unit, 2015.
32 CDB, 2016.
33 CDB, 2016.

flexible financing, which include low interest and fees, repayment schedules that match their cash flows, and some lenience for late payments; and risk aversion, as many micro entrepreneurs tend to be cautious, perhaps due to their lack of enterprise skills. Microfinance institutions also tend to offer singular products, when opportunities exist for multiple product offerings, including saving accounts, debit cards, special ROSCA-type saving products, and online services.[34]

1.4. DEMAND OF CREDIT

On the demand side, the underserved MSME sector is not able to access sufficient credit because of information asymmetries, including missing information on borrowers' creditworthiness, and limited capacity of the sector to put together projects that meet banks' lending criteria (including financial statements, asset quality, borrowers' financial integrity from credit bureau information, cash flow statements, collateral requirements). Very few financing opportunities are available for start-ups and early-stage enterprises in the region, and access to finance, cost of finance, and overall financial inclusion are among the greatest challenges reported by micro, small, and medium enterprises in the Caribbean region across several panel surveys.

According to the 2014 PROTEqIN Survey, difficulty in obtaining financing among thirteen countries in the region is a leading challenge to doing business. In all countries with the exception of Antigua and Barbuda, the majority of firms reported access to finance as a moderate to severe obstacle, including over 75% of firms in Belize. Using a broader definition of constraint, the Enterprise Surveys confirmed this trend, as over of 35% of businesses in the region identified access to finance as major constraint, including significantly higher rates in St. Lucia (57.1%), Dominica (64.2%), and Belize (66.8%). In the Dominican Republic, on the other hand, the introduction of regulations that improved the credit reporting system, and the long-established presence of a vibrant market for credit information, has eased the constraint for small businesses.

When looking at firms according to indicators of objective impediments of credit access, the share of discouraged, denied, and constrained small and medium businesses is larger for Caribbean tourism-dependent countries than Caribbean those largely dependent on commodity export. Among the impediments, the legal status is related to the degree of transparency of the firms' financial accounts, which in turn is related to the probability of receiving credit from banks. Greater transparency, as measured by the percentage of firms that have their annual financial statements checked or certified by an external auditor, is associated with lower shares of financially constrained firms, and the firms' legal status changes from those requiring the most transparency, i.e. publicly listed companies, to those requiring the least transparency, i.e. sole proprietors.[35] A 2014 firm-level survey shows that only about 16% of firms in the region obtain capital from banks as a source of

TABLE 2: A majority of firms indicate access to finance as a moderate to severe obstacle

Country	No Obstacle	Minor Obstacle	Moderate Obstacle	Major Obstacle	Severe Obstacle
Antigua and Barbuda	15%	41%	39%	2%	4%
The Bahamas	7%	39%	28%	9%	17%
Barbados	27%	22%	19%	23%	10%
Belize	7%	17%	18%	40%	18%
Dominica	4%	33%	18%	17%	28%
Grenada	9%	34%	33%	9%	15%
Guyana	33%	13%	18%	21%	14%
Jamaica	19%	26%	25%	23%	7%
St. Kitts and Nevis	10%	40%	29%	5%	17%
St. Lucia	5%	35%	44%	13%	4%
St. Vincent and the Grenadines	5%	34%	26%	14%	21%
Suriname	32%	33%	11%	18%	6%
Trinidad and Tobago	4%	31%	52%	10%	4%
Average among firms in all countries	**12%**	**30%**	**30%**	**15%**	**11%**

Source: Ruprah and Sierra, 2016.

34 MIF, 2014.
35 Ruprah and Sierra, 2016.

TABLE 3: Overview of access to finance among Caribbean firms (percentage)

Country	Enterprise Survey, year	Firms identifying access to finance as major constraint	Firms with checking or savings account	Firms with bank loan/line of credit	Firms not needing a loan	Firms whose recent loan application was rejected	Firms using banks to finance investments	Firms using banks to finance working capital
Antigua and Barbuda	2010	41.1	100	49.2	48.5	–	49.4	46.3
The Bahamas	2010	12.9	97.6	34.2	49.2	–	14.6	28.5
Barbados	2010	41.1	97.4	58.2	64.6	–	45.5	38.7
Belize	2010	66.8	100	43.9	44.3	–	36.7	57
Dominica	2010	64.2	100	32.8	40.2	–	46.2	37.9
Dominican Republic	2016	14.3	80.7	50.8	62.2	1.5	38.6	45.8
Grenada	2010	24.4	98.7	49	47.5	–	37.2	50.3
Guyana	2010	18.2	100	50.5	50.3	–	34.5	59.3
Haiti	2019	19.3	85.2	22.1	16.1	–	0.05	26.1
Jamaica	2010	40.4	99.8	27.2	39.3	–	44.2	53.1
St. Kitts and Nevis	2010	38.8	100	49.3	41.1	–	46.4	52
St. Lucia	2010	57.1	100	24.5	53.2	–	52.2	49.2
St. Vincent and the Grenadines	2010	29.9	98.6	56.5	44.3	–	55.8	52.7
Suriname	2018	14.3	93.5	36.6	43.1	3.3	51.8	44.5
Trinidad and Tobago	2010	29.2	99.9	53.7	33.6	–	36.7	63.8
LAC		*17.5*	*89.7*	*51.3*	*44.3*	*3.3*	*41.2*	*41*

Source: Enterprise Surveys, World Bank Group, 2010-19.

investment funds, while the proportion is higher (about 55%) when firms seek working capital.[36]

Limited financial awareness and financial management skills reduce the use of financial products and services for individuals too. For countries where data is available, the proportion of the population with access to a bank account or a credit or debit card is below the average of OECD countries, while it varies with respect to the regional average. In Trinidad and Tobago, over 80% of individuals over 15 years old held a bank account in 2017, and over 60% have a debit card. Jamaica present similar individual access to finance, whereas in Haiti only about 30% of individuals did have a bank account and just above 10% owned a debit card, in the same year.

1.5. THE CASE FOR IMPROVING THE CREDIT INFRASTRUCTURE SYSTEMS

The credit infrastructure of a country is the backbone where borrowers, demanding credit, and lenders, supplying credit, operate. A healthy and vibrant credit infrastructure allows for an efficient and rapid clearance of the market. This report focuses on two specific aspects of countries' credit infrastructure, i.e. (i) credit reporting systems, including credit bureaus and public registries, which publicize credit histories and financial risk, and the legal framework that allows their correct functioning and protect the privacy rights of data owners; and (ii) secured transactions systems, which include electronic registries of security rights notices (collateral registries) and their enabling legal frameworks, which allow for the publicization of key credit information on borrower's credit histories for potential lenders. Separate data rules and regulations are also key for well-functioning credit reporting systems, including data sources, protection, and disclosure, including inside and outside the country. Trust in the system, as well as a solid legal framework, are necessary for a solid and viable credit infrastructure, which is the necessary condition for reducing the asymmetries between borrowers and lenders.

1.5.1. CREDIT REPORTING SYSTEMS

Credit reporting (or information) systems, including credit bureaus and public registries, are key for lending to businesses of all sizes, as they can reduce the challenges of asymmetric information between borrowers and lenders. With the right infrastructure and regulations, they allow lenders to identify the risks associated with each borrower. Empirical evidence suggests that the presence of credit reporting systems is associated with higher demand for credit

36 Ibidem, 2016.

TABLE 4: Overview of financial inclusion among Caribbean individuals

Country	Financial institution account (% age 15+)	Credit card ownership (% age 15+)	Debit card ownership (% age 15+)
Belize (2014)	48	11	24
Dominican Republic (2017)	55	16	32
Haiti (2017)	28	7	11
Jamaica (2014)	78	14	45
Trinidad and Tobago (2017)	81	16	61
***LAC** (2017)*	*54*	*19*	*41*
***OECD** (2017)*	*95*	*57*	*84*

Source: Findex, 2014 and 2017. Latest dataset available between parentheses.

and lower financing constraints.[37] More broadly, there is increasing evidence of positive impact of well-functioning credit reporting systems with business innovation, job creation, and growth performance. Firms export and import more when they have better credit ratings and face lower credit constraints. Specifically, a firm's negative financial situation might make its overseas suppliers reluctant to trade with the firm, thereby affecting its imports. Being credit-constrained also prevents firms from overcoming the fixed costs associated with exporting and importing.[38] Firms evade taxes to a lesser degree in economies with better credit information sharing systems. This effect is stronger for smaller firms, firms in smaller cities and towns, as well as those operating in industries that rely on external financing, and in industries and economies with greater growth potential. Other economic agents benefit indirectly from credit bureau signals.[39] Firms' use of external finance and average loan maturity lengthens after the introduction of a private credit bureau, but not after the introduction of a public credit registry.[40]

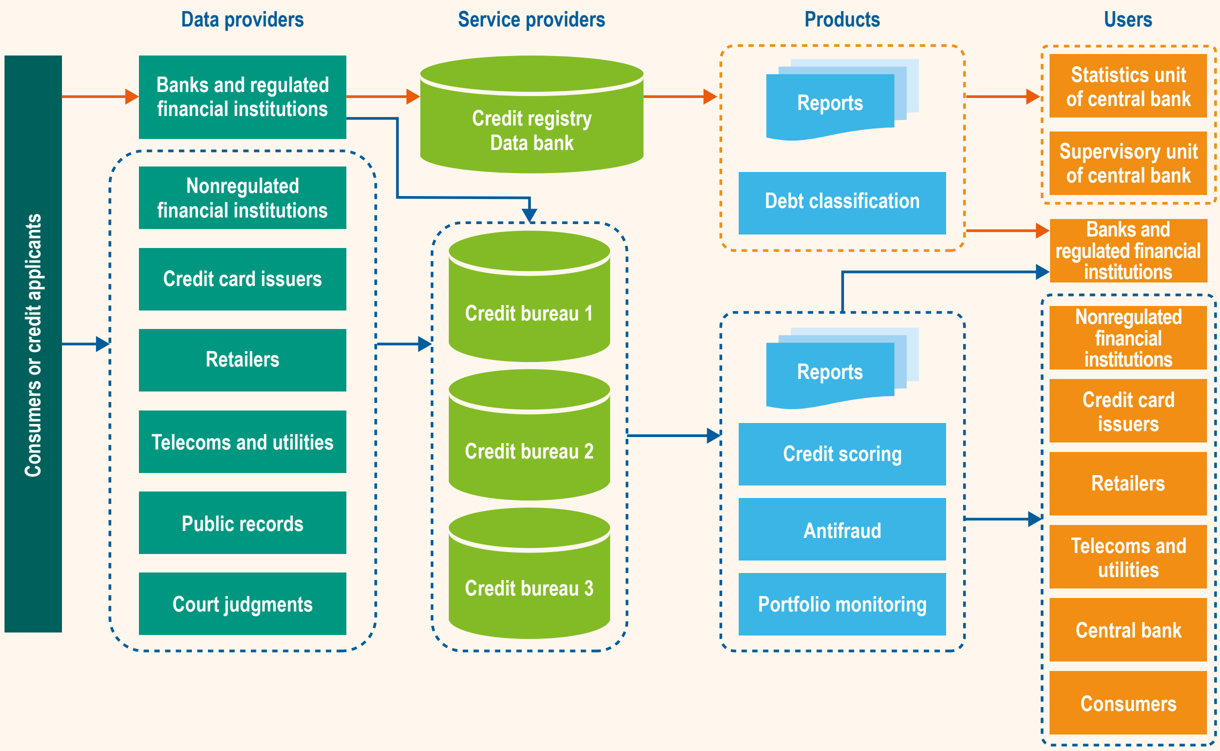
Private (credit bureaus) or public entities (credit registries) collect information on borrowers in the financial system and facilitate the exchange of credit information among lenders. By definition, borrowers know more about their behavior and intentions than creditors, which need ways to minimize the asymmetries in order to efficiently allocate their limited resources. However, as we have seen in the previous chapter, micro and small enterprises may lack proper information or collateral to share with creditors, thus creating a sub-optimal equilibrium in the market. For example, banks would need to base their decision to lend on the firm's business plans or accounting records. But according to the Enterprise Surveys 2010, only 65% of small and medium enterprises in the Caribbean region report having their annual financial statements audited, compared with 85% of large firms that report doing so.

Information sharing reduces contract delinquencies and defaults. Specifically, lenders joining the bureau experience a drop of 23 to 30 days in the maximum number of days a borrower's payment is late (and a reduction of 6 days in the average number of days a payment is late). Furthermore, lenders joining the bureau were between 7% and 9% less likely on average to experience a serious delinquency (90 days or more past due); an even larger decline was observed in the probability of a major default event (such as debt collection or legal action).[41] In a study, businesses' credit information sharing improved the quality of default predictions for German firms, especially for older firms and those with limited liability.[42] Information sharing through credit bureaus reduces lenders' need to monitor and discipline firms through short-term debt.[43]

The presence of foreign banks has mixed effects on the credit market. It can ease credit constraints when credit markets are more competitive, there is a higher number of bank branches, and credit registries are in place. However, foreign banks are also associated with negative effects on access to credit when markets are more concentrated, there is lower bank penetration, and credit registries do not exist.[44] In the Caribbean region, a lower domestic bank competition and a higher foreign-owned bank presence, accompanied by the existence of only a handful of credit registries, may be adversely affecting access to credit, in particular for Caribbean tourism-dependent economies.[45]

37 Presbitero, 2014.
38 Muûls, 2015.
39 Beck et al., 2014.
40 Peria and Singh, 2014.
41 Doblas-Madrid and Minetti, 2013.
42 Dierkes et al., 2013.
43 Magri, 2010.
44 Presbitero, 2014.
45 Ruprah and Sierra, 2016.

FIGURE 7: Credit information flows to a credit registry or credit bureau



Source: Doing Business, World Bank Group, 2015.

There are many different operational and ownership models for consideration when setting up a credit reporting system or improving an existing one, including (i) what legislative framework needs to be in place; (ii) what information should the credit bureau contain; (iii) who should have access to the data and for what purposes; (iv) who should build, own, and manage the credit bureau. In line with the Doing Business' depth of information index, the legal requirements for effective credit reporting systems would include credit history data from commercial banks, as well as from other institutions such as trade creditors, leasing and factoring companies, retailers and utilities and microfinance institutions. Usually, the central bank acts as the supervisory authority of the credit bureaus (or public credit registries) that are licensed to operate in a country.[46]

Recent fintech development present opportunities for credit information sharing providers, which have the potential to help them improve how they serve the markets where they operate, as well as enable greater financial inclusion. Innovative technologies may help develop new products, at a lower cost, and that serve traditionally unbanked segment of the population, for example informal businesses or the unemployed. The use of blockchain technology, which has already been applied to ID registries in many countries, could be deployed also in the credit registries' consumer files. Psychometric evaluations that draw data from social media can allow credit registries to offer products other than credit reports, like credit screening or credit scoring. Automated lending solutions via AI (Artificial Intelligence) have the potential to disrupt the underserved micro and small businesses.[47]

The diagnostic in chapter 2 will show, for each country, some of the decisions that were taken along these different models, and recommend improvements based on international best practices.

1.5.2. SECURED TRANSACTIONS SYSTEMS

As we have seen in previous chapters, firm-level surveys show that loan applications are often rejected due to insufficient or unacceptable collateral and, often, firms do not even apply for loans anticipating that they would not be able

46 Doing Business 2017 report, World Bank Group.

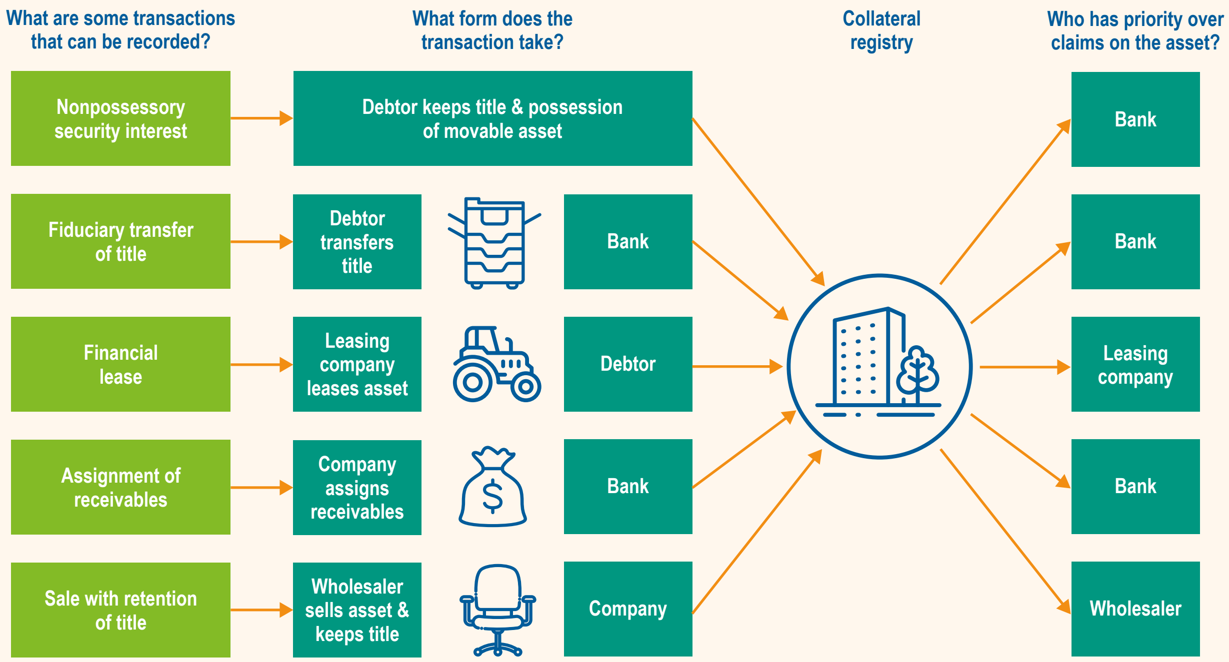
47 World Bank Group, "Disruptive Technologies in the Credit Information Sharing Industry: Developments and Implications," Finance, Competitiveness & Innovation Global Practice, Fintech Note, No. 3 , Washington D.C., 2019.

to meet the bank's collateral requirements. However, the underlying issue is the frequent inability of the legal framework to facilitate the use of firms' assets as collateral, rather than the unavailability of assets. Other issues include the lack of capacity and expertise to develop and provide credit products. In fact, movable assets such as equipment, inventory and receivables (i.e., business assets in the form of money owed by clients) represent the largest capital stock of Caribbean firms, with immovable assets representing only a fraction. But financial intermediaries overwhelmingly prefer immovable assets as collateral.[48]

Setting up a legal framework where movable assets can be used as collateral is key for increasing inclusive access to finance by individuals and businesses. Asset-based lending (ABL) can provide working-capital to support business growth and sustain business operations. ABL can fund the entire business cycle of the borrower, usually a firm, from the purchase of raw materials to the sale of finished products (inventory), to the collection of receivables generated by the sale.[49] Movable asset-based lending (MABL) leverages nontraditional but valuable movable assets such as machinery, equipment, securities, accounts receivable, agricultural produce, and intellectual property rights as collateral to secure financing from credit institutions.

The introduction of collateral registries for movable assets increases small and medium enterprises' access to finance.[50] Evidence shows that credit to the private sector as a percentage of GCP averages 60% compared to only 30-32% for countries with inefficient legal frameworks for MABL.[51] Secured transactions systems help local businesses obtain the capital they need by providing (i) greater flexibility in the loan transaction and the property that can be used as collateral, (ii) greater uniformity in the notice provided to third parties, (iii) increased certainty and transparency about the priority of creditors and rights of third parties, and (iv) easier enforcement of a security interest in case of default. Well-designed secured transactions frameworks contribute to robust financial systems by encouraging credit diversification away from immovable collateral. In fact, immovable property tends to be the dominant type of collateral in countries that have not introduced dedicated secured transaction laws, including many Caribbean countries. And when MABL is enabled, it often includes only vehicles, often supplemented by interests in immovable assets.

FIGURE 8: Secured transactions information flows to a collateral registry



Source: Doing Business, World Bank Group, 2015.

48 World Bank Group, "Secured Transactions, Collateral Registries and Movable Asset-Based Financing. Knowledge Guide," November 2019.
49 Ibidem.
50 Love et al., 2016.
51 Mehnaz Safavian, Heywood Fleisig and Jevgenijs Steinbuks, "Unlocking Dead Capital," Private Sector Development Vice Presidency Note No. 307, World Bank Group, March 2006.

The key concepts of modern secured transactions systems are included in many international principles and guidelines, including:

- The World Bank Principles for Effective Insolvency and Creditor Rights Systems (2015);
- The UNCITRAL Model Law on Secured Transactions (2016) and the Guide to Enactment (2016);
- The UNCITRAL Legislative Guide on Secured Transactions (2007);
- The Convention on International Interests in Mobile Equipment (2001) (Cape Town Convention) with its Protocols.

In addition, many international organizations have drafted model laws and guides on secured transactions that reflect those principles, including the EBRD Model Law on Secured Transactions (1994), the OAS Model Inter-American Law on Secured Transactions (2002), and the draft Common Frame of Reference Book IX on Proprietary Security Rights in Movable Assets.

In line with the Doing Business' strength of legal rights index, the legal requirements for effective secured transactions systems should include the following principles, by and large included in the model laws previously mentioned: (1) simple, flexible and enforceable security interest created by agreement between the secured creditor and the debtor; (2) clear and comprehensive scheme for determining the priorities of competing interests in movable property; (3) simple and effective means of publicizing interests in movables to facilitate assurance of a creditor's priority; (4) quick and effective enforcement process upon default of the debtor. Then, for the legal system to properly work, it must provide notice to third parties that goods are serving as collateral for a secured loan. If proper notice is not provided, subsequent purchasers or lenders may be under the impression that a debtor's goods are free of encumbrances. Basing their action on the lack of notice, parties may then buy or lend against the collateral. The best way to avoid this issue is to provide notice by filing a registration form in a centralized and unitary registry.[52]

In addition to a legal framework for secured transactions and the related collateral registry, a key element of a well-functioning MABL is the presence of active and liquid secondary markets, particularly for the types of movable assets included in the registry, that can facilitate the timely disposal of the assets, help creditors assess future values, and the level and terms of credit that should be extended.[53] Examples of secondary markets include stocks, bonds, securities, and commodity markets; car dealerships and auctions; web-based online platforms; grocery stores and markets; and consignment stores and thrift shops.

1.5.3. ROADMAP TO REFORMS

Caribbean countries face a dire need not just for financial infrastructure, but also for all the enabling infrastructures that allow for the standard functioning of credit bureaus, public registries, and collateral registries. They include up-to-standards IT infrastructure which can enable the use of cloud services to host databases. When the public sector does not have the resources or capacity to provide this infrastructure in a reasonable time, the private sector can step in and private-public partnerships (PPP) can be formed. Private investment can fill the infrastructure financing gap amid fiscal constraints governments face across the region, or provide the know-how required to put in place the best technical solutions available. The PPP approach has the benefits of spreading the high cost of infrastructure financing amid distinctive stakeholders, as well as leveraging the private sector's experience in infrastructure management and efficiency.

Improving access to finance can help the recovery from the pandemic crisis. This report focuses on the credit infrastructure reforms and improvements that Caribbean countries should introduce, seeking regional synergies among their respective credit ecosystem while considering country-specific features. There is no unique path for regulatory and institutional reforms, and the route is different in each country, in particular in a region characterized by socioeconomic contexts that range from St. Kitts and Nevis, with a population of about 52,000 (2019) to The Dominican Republic, with a population of almost 10.7 million, and Haiti, with an income per capita of almost US$3,000 (PPP, 2019) and The Bahamas, where the income per capita is about US$ 37,100.

However, governments that succeed in sustaining reform programs in credit infrastructure tend to use existing private sector surveys to identify opportunities for improvement, learn from other countries, and measure reform progress. The following are some of the elements for success that are common to many countries that have been successful in the credit infrastructure reform process, as the country diagnostics in the next chapter will show:

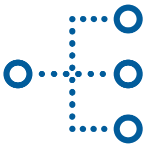
- **Political leadership:** Ensuring a leadership at the highest political level is key to advance the legislative process, and political leaders often play a key role in seizing opportunities and promoting reform. In addition, technocrats and business leaders

52 Doing Business, World Bank Group, 2017.

53 IFC, "Assessment of Secondary Markets for Movable Assets in the Jamaica Manufacturing Sector," October 2020.

perform a crucial role too, as they help to shape and promote reform proposals.

- **Stakeholders' involvement:** From the very beginning, countries should involve a wide range of stakeholders in the reform process, asking for their inputs, seeking their collaboration, offering ownership of the final reform outcomes. Consultations with the private sector are particularly important, in particular through effective platforms that allow for regular consultations between the public and private sectors, making the latter a key component of the reform process.



- **Institutional structure:** Successful reformers indicate clear accountabilities to relevant reform players, including high-level oversight committees that prioritize the reform agenda and maintain reform momentum, and technical working groups that lead implementation at the agency level.

- **Plan with responsibilities, deadlines, and measurable objectives:** Reform plans should identify priority areas and sets specific measurable goals followed by an ongoing monitoring of the reform implementation and impact, which highlights areas of success as well as areas where further effort is needed.

- **Long-term vision:** Reform programs should define clear objectives that relate to the long-term strategic vision of the country or fit in national financial (inclusion) strategies.

- **Effective communication:** Ongoing reforms efforts should be effectively communicated to implementing agencies, the business community, and the general public, to ensure that changes are widely accepted and put in practice consistently.

2. DIAGNOSTIC OF THE CREDIT INFRASTRUCTURE SYSTEMS AND RECOMMENDATIONS FOR REFORMS

In the Caribbean region, asymmetric credit information between borrowers and lenders is exacerbated by the uneven presence of dedicated legal frameworks for credit information sharing, the sparse presence of licensed private credit bureaus, and the rare existence of public credit registries and collateral registries. Among the fifteen countries analyzed in this report, only The Bahamas, the Dominican Republic, Guyana, Haiti, and Jamaica introduced credit information or reporting legislation that attracted the operations of private credit bureaus – supervised by a government central authority – although in The Bahamas the bureau is not active yet. Antigua and Barbuda, Grenada, and St. Kitts and Nevis have approved the regional harmonized bill introduced by the ECCB, but they do not use a credit bureau yet. Private credit bureaus operate in four other countries – Barbados, Belize, Suriname, and Trinidad and Tobago – following code of conducts introduced with various degree of success by the private sector, without the supervision of any central authority. Two countries have established a public credit registry: the Dominican Republic and Haiti. Only three countries have a dedicated legal framework for secured transactions (movable assets) and an established collateral registry: the Dominican Republic, Haiti, and Jamaica, although the registry in Haiti is paper-based and presents many operational challenges.

Among the main issues facing the existing infrastructure (and legal frameworks) in the region are an inadequate digital infrastructure, a fragmented governance, and average small market sizes. With the exception of the Dominican Republic, Jamaica, and Trinidad and Tobago, countries in the region are at various stages in building the credit infrastructure that could support individuals and businesses seeking loans, from finalizing the Government or Parliamentary approval of dedicated legislation already drafted, like in Belize, Guyana, and Suriname, to the finalization of the decisional processes need in the OECS countries to agree on one credit bureau as well as one unified collateral registry among the countries in the monetary union. And among those countries that already have a dedicated legislation and functioning credit bureaus, there may be a lack of trust in the system, as reflected in Guyana and Haiti. Collateral registries and the related legal framework that allows their country-wide operations are still very rare. Many factors are at play to explain the current situation; first and foremost a low level of regional cooperation, but also the presence of very small credit markets that require articulated systems of incentives for the private sector to overcome the challenges to starting and profitably operating a credit bureau business.

During the last ten years, the credit infrastructure has slightly improved in the region. The credit information market is taking shape in some countries where it had long been missing, like in The Bahamas and, to a certain degree, in Suriname, while well-known multinational companies have expanded operations in the region, including Creditinfo and CRIF. Jamaica, Guyana, and the Dominican Republic have the longer operating private bureaus and dedicated legal frameworks, while Trinidad and Tobago has long had an active credit reporting market that operates on the basis of a code of conduct, as there is not a dedicated legal system for credit reporting yet. The ECCB has successfully spearheaded efforts to introduce a harmonized legal system in the OECS countries and it is now supporting the introduction of a unified credit bureau. At the same time, it has recently started to replicate the same efforts to introduce a unified system for secured transactions. Barbados has been actively working to introduce a new credit reporting bill, while at the same time allowing Creditinfo to operate on a code of conduct basis.

Creditinfo, an Icelandic private credit bureau operator, started its operations in the region first in Jamaica, where it still maintains its regional headquarters. It has later expanded to Guyana and Barbados, and in February 2021 it was granted a license by the ECCB to set up operations in the OECS too. CRIF started to operate in Jamaica in 2011 as the locally owned subsidiary of the Italian company CRIF SpA, and it expanded to The Bahamas in 2020. Both companies have kept in their respective bureaus' central databases located in Jamaica, where they collect data on individuals and businesses from other countries in the region, allowing for efficient set up and operational maintenance. TransUnion, which maintains headquarters in the United States, has operated in the Dominican Republic since 2004, when it entered the local credit market by buying the *Centro de Información Crediticia de Las Américas*, and it has long expanded to Trinidad and Tobago. Some of the credit bureaus in the region, like Data-credito in the Dominican Republic, Creditinfo in Guyana, and CCBS in Suriname, are members of ALACRED, the *Asociación Latinoamericana y del Caribe de Burós de Crédito*, a non-profit entity that includes companies and entities that administer credit bureaus in Latin American and Caribbean countries to represent, promote and preserve the common interests of its members.

Secured transaction ecosystems have been slower to take hold in the region, with some notable exception. Jamaica has had a dedicated legal framework for secured transactions since 2013, when it passed the Security Interests in Personal Property Act and it established the National

TABLE 5: Institutional and legal overview of the credit infrastructure in the Caribbean region

	Credit Reporting System			Secured Transactions System	
Country	Legal Framework for Credit Reporting	Private Credit Bureau	Public Registry	Legal Framework for Secured Transactions	Collateral Registry
Antigua and Barbuda*	Yes	• Creditinfo ECCU Ltd[2]	No	No	No
The Bahamas	Yes	• CRIF Bahamas[2]	No	No	No[3]
Barbados	No[1]	• Caribbean Credit Bureau Ltd • Creditadvice Barbados Ltd	No	No	No
Belize	No	• Credit Master Systems	No	No	No
Dominica*	No	• Creditinfo ECCU Ltd[2]	No	No	No
Dominican Republic	Yes	• Data-Crédito • TransUnion DR • Acierta Consulting	*Central de Riesgo*	Yes	*Sistema Electrónico de Garantías Mobiliarias*[2]
Grenada*	Yes	• Creditinfo ECCU Ltd[2]	No	No	No
Guyana	Yes	• Creditinfo (Guyana) Inc.	No	No	No
Haiti	Yes	No	*Bureau d'Information sur le Crédit*	Yes	*Registre des Sûretés Mobilières de Haiti*
Jamaica	Yes	• Creditinfo Jamaica • CRIF Information Bureau Jamaica • Credit Information Services Ltd	No	Yes	National Security Interests in Personal Property Registry of Jamaica
St. Kitts and Nevis*	Yes	• Creditinfo ECCU Ltd[2]	No	No	No
St. Lucia*	No	No	No	No	No
St. Vincent and the Grenadines*	No	No	No	No	No
Suriname	No	• Central Credit Bureau Suriname (CCBS)	No	No	No
Trinidad and Tobago	No[1]	• TransUnion • Credit Chex Limited • A.V. Knowles and Company Ltd	No	No	No

*/ OECS member states.
1/ The private credit bureaus operate within a code of conduct framework.
2/ Licensed or established, but not operational yet.
3/ The Registrar General Department maintains a database that allows some form of collateral registration from banks.
Source: Doing Business, World Bank Group, 2020; author's analysis.

Security Interests in Personal Property (NSIPP) Registry. It is now working on improving the existing secondary markets for collateralized goods by facilitating the creation and establishment of an electronic marketplace for disposition of repossessed collateral. The Dominican Republic introduced a new law in 2020 and it is now in the process of operationalizing the collateral registry. Other countries, with technical assistance of IFC and IDB, have drafted new collateral laws and are trying to move them forward the parliamentary process of approval, including Belize, Guyana, and Suriname.

The data on financial infrastructure in the region collected by the 2020 Doing Business report reflects in large part the information received from the interviews conducted in the context of this report, with some notable exceptions due to the report's methodology adopted and data collection's timeline. Jamaica, Trinidad and Tobago, Guyana, and the Dominican Republic score at the top among the countries in the region on the Doing Business's ease of getting credit indicator. Jamaica scores 15 among the 190 countries measured by the report, as a result of having dedicated legal frameworks for both credit reporting and secured transaction systems, in addition to a vibrant private credit information market, with three bureaus currently in operation, and the presence of a public collateral registry. Trinidad and Tobago scores 67, notwithstanding a deeper credit information penetration, due to a lack of legislation for both credit information sharing and secured transactions. The Dominican Republic's credit bureaus provide information on all individuals and business in the country, and they function according to a dedicated legislative system that follows international best practices. However, it lags behind the secured transaction legislation, reflecting a score of 119 on the overall ease of getting credit index.

TABLE 6: Performance of the credit infrastructure in the Caribbean region

Countries	Rank on the ease of getting credit (1: very easy; 190: very difficult)	Credit Reporting System			Secured Transactions System	Financial Freedom index (0: repressive; 100: no government interference)
		Depth of credit information index (0: weak; 8: strong)	Public Credit Registry coverage (% adults)	Private Credit Bureau coverage (% adults)	Strength of legal rights index (0: weak; 12: strong)	
Jamaica	15	8	0%	53%	9	50
Trinidad and Tobago	67	6	0%	81%	7	50
Guyana	94	8	0%	31%	3	30
Dominican Republic	119	8	27%	100%	1	40
Haiti	144	5	5%	0%	2	30
The Bahamas	152	0	0%	0%	6	60
Barbados	152	0	0%	0%	6	60
Dominica*	152	0	0%	0%	6	40
Grenada*	152	0	0%	0%	6	-
Antigua and Barbuda*	165	0	0%	0%	5	-
St. Kitts and Nevis*	165	0	0%	0%	5	-
St. Lucia*	165	0	0%	0%	5	40
St. Vincent and the Grenadines*	165	0	0%	0%	5	40
Belize	173	0	0%	0%	4	50
Suriname	181	0	0%	0%	2	30
OECS member states		*0*	*0%*	*0%*	*5.3*	
LAC		*5.1*	*15%*	*48%*	*5.3*	
OECD		*6.8*	*24%*	*67%*	*6.1*	

*/ OECS member states
Source: Doing Business, World Bank Group, 2020; Heritage Foundation, 2020.

Countries in the region should improve their credit information markets and secured transaction systems by leveraging regional synergies that can enable a financial infrastructure appropriate to the demand of credit by individuals and businesses, and that can fully allow financial intermediaries, included but not limited to commercial banks, contribute to each market by displaying their supply of credit to the fullest. As the informal private sector is prevalent in virtually all countries in the region, the credit infrastructure should the lack of credit information about the informal sector too, including capturing non-banking information, and allowing informal businesses to use innovative systems to access credit.

2.1. DIAGNOSTIC OF THE REGIONAL CREDIT INFRASTRUCTURE

This chapter presents a diagnostic of the current status of the financial infrastructure in each country in the region, focusing on the credit information sharing's legal framework and institutional set up first, followed by a diagnostic of the secured transactions system. Both sections, in each country, are accompanied by recommendations for next steps in the reform process that countries may take up on their own or tap into existing regional initiatives to implement them.

Ideally, any credit infrastructure reforms should be preceded by the introduction of a policy document that details the rationale for change and positions it within the broader country context and budget plan. For example, in 2019 the Central Bank of Belize (CBB) led the efforts to introduce the National Financial Inclusion Strategy (NFIS), with technical assistance from the World Bank, which provided a roadmap to introduce solutions to improve access to innovative and affordable financing, particularly for low-income populations. Because of similar market size and common culture, the CBB had considered the same approach taken by The Bahamas earlier. Both countries fit their plans for financial infrastructure reforms within the need to address long-simmering issues of financial inclusion in their respective societies. Other national policies could focus on designing an access to finance strategy, which could detail how to expand financial literacy, build awareness, and increase outreach to individuals and formal and informal businesses. For example, one of the first issues that The Bahamas faced when deciding what type of credit reporting system introduce, as mentioned in its strategic plan, was the volume of accounts held by individuals and financial intermediaries, and whether it was enough to sustain a national standalone credit bureau, or it was preferable to leverage on a shared resources model, such as a "hub and spoke" system. Other countries in the region may face the same issue.

Legal reforms would preferably precede institutional reforms, but this is not always the case and, sometimes, credit reporting systems have long thrived in the absence of a dedicated legal framework, like in Trinidad and Tobago. Legislative reforms have typically included the drafting and approval of new credit information (or reporting) bills, or the streamline and improvement of existing regulations like in Guyana, which in 2016 amended its 2010 Credit Reporting Act. Institutional reforms have typically involved the improvement of credit coverage or the widening of credit options by the introduction of public credit registries or public collateral registries. While the first do not seem to be today the preferred model of choice, as countries have focused on attracting the private sector to operate credit bureaus, collateral registries still tend to be managed by government agencies.

Countries should review their existing legal system to ensure that the key provisions for secured transactions are included, and they may want to opt for a complete overhaul of the system, by introducing a dedicated secured transaction legislation; or they may want to amend the existing legislation to ensure that the basic principles of MABL are included. Early in 2020, the Dominican Republic enacted the new Law No. 45-20, which established a legal framework for secured transactions and regulated a country-wide collateral registry. The next section will focus on the ongoing reform process undertaken by each country in the region and, when necessary, highlight some of the core principle that were included in the draft or approved legislation, and whether initial steps have been taken in the introduction of a collateral registry.

There are potential synergies between secured transactions and credit reporting systems, often untapped, as a government agency that is successfully managing one registry could take on the management of the second. In addition, datasets from public as well as private sector operators could be cross-referenced and cross-checked, thus maximizing efficiency and minimizing the possibility for errors. The ECCB is leveraging on its efforts to introduce a unified private credit bureau operating in the OECS countries, and it is discussing with Creditinfo the management of the future collateral registry, if the country members will agree to have a joint system. In The Bahamas the Central Bank is currently evaluating which type of ownership should the new collateral registry adopt, and one option under consideration is to allow private credit operators take on the operational management of the collateral registry.

As mentioned in the previous chapter, a strong political leadership in the reform process is key for success, while the lack of political stability can derail reform efforts that were close to be concluded. In 2020, national elections in Belize, Guyana, and Suriname, and the subsequent change of government, put to a halt the parliamentary processes of credit reporting bills and secured transaction acts that were relatively advanced. In Haiti, ongoing reform efforts are slowly proceeding due to the political crisis that has gripped the country since 2019.

Most importantly, countries in the region have many untapped opportunities for collaboration and cooperation, for sharing their own reform experiences and learning from each other, for taking advantage of the regional initiatives that could allow for the creation of regional markets, and for further tapping into the expertise of development partners that have long had a presence in the region. Regulatory harmonization at the regional level reduces intra-regional transaction costs and it is therefore conducive to overcoming small scale disadvantages. CARICOM has worked for many years to draft a harmonized credit information model law that could facilitate the introduction of similar legal systems at country level. The ECCB has introduced a harmonized credit reporting system in the OECS countries, followed by the introduction of a unified private credit bureau, that may be the best option for the small market size of OECS countries. The ECCB is now working on the same approach to introduce a harmonized secured transactions legal framework and, potentially, a unified collateral registry. These efforts could be extended to the establishment of joint reform working groups. IFC, part of the World Bank Group, has long been active in providing technical assistance in countries in the region in both credit reporting reforms as well as secured transactions reforms, while the IDB has offered technical assistance as part of its long running Compete Caribbean program.

The rest of the chapter will present, at the regional level, the ongoing efforts by CARICOM to approve a model law for credit information sharing that should help each single member state to harmonize their own legislation, when existing, or provide guidelines for introducing new legislation; the reform program introduced and led by the ECCB to introduce a common financial infrastructure system among the OECS member states; and a country-by-country overview of their current infrastructure system, and opportunities for reforms to close the gaps highlighted in the diagnostic. When possible, this report will highlight the trade-off between introducing country-specific legislation or tapping into regional reform initiatives.

2.2. CARICOM REGIONAL REFORM INITIATIVE

The CARICOM Secretariat began efforts to harmonize the credit reporting frameworks in its member states over seven years ago.[54] In 2014, it started a diagnostic study of the credit reporting systems with a focus on cross-border exchange of information. Then, in collaboration with the member states, the Secretariat developed a model regulatory environment or framework for credit information sharing, which was formalized in a draft policy on credit reporting, a draft credit reporting bill, and an explanatory note which provided the context to the draft bill. The draft policy and bill were informed by international principles on credit reporting, data protection, and privacy and consumer protection, in addition to including experience from international best practices. In particular, they included the know-hows acquired by Jamaica and Guyana, as they were at the time the only countries in the region with dedicated legal systems that regulated private credit bureaus.

Later, Barbados led a technical working group (TWG) to draft a policy aiming at providing the context for the regional enabling environment necessary to have vibrant credit reporting systems – the TWG included officials from regional central banks, Ministries of Finance of member states, and representatives from the CARICOM Secretariat and the ECCB. The current version of the draft policy establishes core areas that include all the elements that form a modern credit reporting regime, including the need for a harmonized legal framework, in addition to addressing issues of market size and operational efficiency that are peculiar to the socioeconomic regional context. For example, at least two private credit bureaus would need to operate in some of the largest economies to allow for market competition. Also, the TWG has agreed that the draft policy should allow employment reporting and tenancy screening as permissible uses, subject to the explicit consent of the data subject, since these provisions were already contained in the credit reporting law of Jamaica and Guyana, as well as being under consideration by The Bahamas. The draft policy also proposes several recommendations to ensure the protection of the rights of borrowers; facilitate cross-border exchange of credit information; and achieve effective cross-border supervision of the credit reporting markets. In addition, the policy specifies key reforms for the credit reporting framework, including a sound data protection and privacy regime and consumer protection law, in order to ensure that credit bureaus are protecting the data they collect.

All countries in the region that have introduced a bill or a draft bill on credit information sharing have also reviewed the harmonized framework presented in the policy. Both the draft bill and the draft policy have been completed, and they are now going through various stages in the approval process. The revised draft CARICOM Policy on Credit Reporting for CARICOM member states was approved by CARICOM's Council of Finance and Planning (COFAP) at the Eight Special Meeting held on April 1st, 2021, and it has been advanced to the Legal Affairs Committee to inform the finalization of the draft Model Credit Reporting Bill. The latter is in the process of being revised by the CARICOM Secretariat for the consideration of the Legal Affairs Committee, which will then finalize the legislation for adoption by member states.

The Model Credit Reporting Bill limits the scope of credit reporting purposes allowed in order to focus on those that are important for the good functioning of the credit system but that at the same time do not harm the consumer. Among other key features, it includes:

- Some flexibility about which authority performs supervisory duties and its enforcement powers.
- Provision for credit bureaus and credit reporting activities to be regulated by the central bank or a designated authority.
- Provision in the law of the rights of the data subjects over their personal and credit information and the requirement for them to give consent for the use of information.
- Establishment of a cross-border reporting framework.
- Establishment of a data protection agency.
- Clearly defined responsibilities of credit bureaus.
- Eligibility criteria to be satisfied for the grant of a license: the requesting entity must be a company, registered in the company registry.
- Consumer protection provisions: a positive list of credit reporting activities is not allowed (e.g., for marketing and scoring activities related to the exercise of the rights of data subjects).
- Definition of the legal responsibilities of Credit Information Providers (CIPs).
- Provision for the data subject to challenge inaccurate or incomplete information on credit reports.

54 The Caribbean Community, CARICOM, is a grouping of twenty countries in the Caribbean region. It includes all countries presented in this report with the exception of the Dominican Republic.

- Establishment of a dispute resolution mechanism.
- Provision for a notification to the supervisory authority of a changed circumstance, including winding up or liquidation.
- Provision for a tribunal.
- Sanctions for legal breaches that are not based on imprisonment but instead fines.

TABLE 7: Priority Policy Recommendations for CARICOM

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	CARICOM Secretariat	Finalize the draft Model Credit Reporting Bill	Short
	CARICOM Secretariat	Disseminate the final Model Credit Reporting Bill to member states	Medium
	CARICOM Secretariat	Disseminate Policy on Credit Reporting to member states	Short
	• CARICOM Secretariat • CARICOM member states	Evaluate the option of introducing cross-border supervisory mechanisms	Short
	• CARICOM Secretariat • CARICOM member states	Design an ad hoc regional credit reporting strategy	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.3. REFORM INITIATIVES IN THE OECS

TABLE 8: Socioeconomic Indicators in the OECS

Country	Population (2019)	Working age population (15-64, % of total, 2019)	GDP Per Capita (US$, PPP, 2019)
Antigua and Barbuda	97,118	69.0	21,910
Dominica	71,808	–	11,917
Grenada	112,003	66.6	17,039
St. Lucia	182,790	71.8	15,449
St. Kitts and Nevis	52,834	–	26,438
St. Vincent and the Grenadines	110,589	68.1	12,485
LAC (average)	–	*67.1*	*16,376*
OECD (average)	–	*65.0*	*44,698*

Source: WDI, World Bank Group, 2021.

Among the members of the Organization of Eastern Caribbean States (OECS), this report includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. The OECS has created an economic union among its members with regulations that aim at forging a single market with a customs union where goods, people and capital can move freely. OECS countries share legislation (e.g., Bill of Sale, Company Act) and institutions (e.g., Eastern Caribbean Central Bank, Eastern Caribbean Supreme Court).

The ECCB[55] has spearheaded efforts to introduce common legal frameworks among its member states including, in 2015, the Banking Act, which licenses commercial banks and non-bank financial institutions operating within the monetary union. Recently, it sought to increase the integration among its member states by leading the introduction of a credit information sharing system, including the creation of a unique private credit registry, as well as a common legal framework for secured transactions, including a common and unified collateral registry. In order to further improve access to finance in the region, the OECS governments, with the technical assistance of the World Bank, have decided to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC), which will increase the facilitation of credit to business owners for growth and expansion.

OECS member states range from a population of almost 53,000 people in St. Kitts and Nevis, the smallest, to almost 183,000 in St. Lucia, the largest, and each country's socioeconomic context and market size may not be large enough to justify the profitable operations of one or more private credit bureaus, nor the efficient operations of a collateral registry. However, the countries as a whole total over 627,000 people and an active labor force of approximately 432,000 people, a great majority of which includes potential credit-active consumers.

According to the Doing Business report, Dominica and Grenada rank 152 out of 190 countries in the ease of getting credit indicator, while Antigua and Barbuda, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines rank 165. All six countries score 0 out of 8 on the depth of credit information index, indicating that they do not yet have a licensed and fully functioning credit bureau nor a legal system for credit information sharing aligned to international best practices. There is no public credit registry either. In Dominica and Grenada, the secured transactions system shows a score of 6 out 12 on the strength of legal rights index, while in Antigua and Barbuda, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines the score is 5 out 12. With some slight differences, the scores capture the absence of a comprehensive and unitary legal framework for secured transactions and of a collateral registry, while some provisions are present in other existing legislation.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	ECCB
Other Leading Government Agencies	OECS member states
(Dedicated) Legal framework for credit reporting	Harmonized Credit Reporting Bill (2017)
Credit bureau	Creditinfo ECCU Ltd ■ Licensed: Yes (2021) ■ Operational: No
Public registry	No

55 The ECCB is the central bank for the Eastern Caribbean dollar and the monetary authority for the members of the OECS, which are part of the East Caribbean Currency Union (ECCU).

In 2017, the ECCB's Monetary Council approved the Harmonized Credit Reporting Bill, which aims at improving access to credit information through the introduction of regulations that govern the licensing and functioning of credit bureaus in the ECCU member states. In order to become effective, each single country should also enact the bill. As of June 2021, the Parliaments of Antigua and Barbuda, Dominica, Grenada, and St. Kitts and Nevis have passed the bill, while the Parliament of St. Lucia is still in the process of approval. The Parliament of St. Vincent and the Grenadines has passed the bill but it has not been proclaimed it yet.

According to the new legislation, the ECCB is the licensor and the regulator for any credit bureau that operates in the monetary union. The IDB has been supporting the ECCB by strengthening the capacity to serve as effective regulator, and by helping design a communication program to inform all stakeholders in the OECS about the new bill and the future registry. Current, there is a proposal to empower ECCB's Bank Supervision Department with supervisory powers. Further work is needed for capacity building of potential users in all countries, in particular small businesses, and of information providers, including utility companies.

Currently, the ECCB is working on establishing a regional credit bureau with the technical support of the IDB. In February 2021, it has granted a license to operate to Creditinfo ECCU Ltd, part of Creditinto group, a multinational company that already manages credit bureaus in Jamaica, Guyana, and Barbados. The location of the future bureau has not been confirmed yet, however, the company intends on headquartering its operations in St. Kitts and Nevis.

Creditinfo ECCU Ltd will also need to incorporate in each ECCU country. From a regulatory standpoint, some key operating provisions have not been finalized yet, including:

- How many years of worth of data will be shared;
- Which Credit Information Providers (CIPs) will have a mandate to share data;
- Whether data will be collected on consumers or also MSMEs.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ ECCB ■ St. Lucia's National Productivity and Competitiveness Council
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Among the OECS countries, St. Lucia's National Productivity and Competitiveness Council (NCPC) has taken the initiative to develop a secured transaction legislation following the 2016 UNCITRAL Model Law on Secured Transactions. The draft bill was submitted to the Attorney General's Chambers for the final revision before it will be sent to Cabinet and Parliament for final approval. St. Lucia is planning to introduce a public collateral registry housed at the Registry of the High Court, which currently includes mortgages and sales of motor vehicles. It is in the process of finalizing the arrangement to procure a vendor to design and implement the registry

In parallel, the ECCB is spearheading a similar initiative and it is considering which, if any, legal and institutional mechanisms may be needed to plug into the St. Lucian plans to establish a registry in the country. In August 2020, the ECCB signed a MoU with the IFC to expand access to finance for SMEs in the ECCU thorough a common legal framework and a centralized, shared, regional registry. The ECCB may suggest this to be the unified registry for ECCU countries, eventually, and draw from the legislation that has already been drafted in St. Lucia.

In developing a secured transactions legislation, the ECCB could also draw from reform experiences outside of the region. For example, in Canada the collateral registry is managed by a public-private partnership that links different provinces into a single database. Another example comes from the Pacific Island states, where reform in the area of secured transactions legislation followed the New Zealand model contained in the 1999 Personal Property Securities Act.[56] As a result, the secured transactions laws enacted in the Federated States of Micronesia (2006), the Marshall Islands (2007), Vanuatu (2008), the Solomon Islands (2008), Tonga (2010), Papua New Guinea (2012), Palau (2012), and Fiji (2017), shows a high degree of convergence, with many of the features from the New Zealand model adapted to reflect each small country characteristics.[57]

56 Asian Development Bank, "Unlocking Finance For Growth: Secured Transactions Reform in Pacific Island Economies," 2014.
57 Holden, Paul, and Alma Pekmezovic, "How accurate are the Doing Business indicators? A Pacific Island case study," Asia & the Pacific Policy Studies, 2020; 7:247–261.

After the regional legislative framework and the introduction of the registry are completed, the ECCB should focus on how to address any potential market failures, including reforms to strengthen the registry, the introduction or improvement of secondary markets, and awareness building among the potential users in the region.

TABLE 9: Priority Policy Recommendations for the OECS

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	• St. Lucia • St. Vincent and the Grenadines	Approve ECCB's Harmonized Credit Reporting Bill	Short
	OECS member state	Agree on key logistical principles for Creditinfo ECCU's operations	Short
	OECS member state	Incorporate Creditinfo ECCU	Short
	• ECCB • Creditinfo ECCU	Conduct extensive awareness campaigns on the new Harmonized Credit Reporting Bill	Medium
Secured Transactions	St. Lucia	Finalize the draft secured transactions law and submit it to Parliament	Short
	St. Lucia	Complete the institutional set up of the collateral registry at the Registry of the High Court	Medium
	ECCB	Draft a new regional framework for secured transactions	Medium
	ECCB	Draft an RFP to design and implement a new regional collateral registry	Medium
	ECCB	Scope the need to facilitate the creation of secondary markets for security interests	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.4. THE BAHAMAS

TABLE 10: Socioeconomic Indicators in The Bahamas

	The Bahamas	LAC, average	OECD, average
Population (2019)	389,482	–	–
Working age population (15-64, % of total, 2019)	70.4	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	37,101	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of almost 390,000, The Bahamas has a labor force comprising almost 275,000 people, 90% of whom are credit-active consumers.[58] According to the Doing Business report, The Bahamas ranks 152 out of 190 countries in the ease of getting credit indicator. While the report shows that the credit information system is weak, it may be due to the outdated data included, as in the past two years the country passed new legislation for credit information sharing, and a new credit bureau is currently starting operations. The Doing Business methodology, on the other hand, only records the presence of a registry or bureau when it is operational or covers more than 5% of the adult population. On the strength of legal rights index, The Bahamas scores 6 out of 12, indicating that the existing laws only partially protect the rights of borrowers and lenders, and that there is no unitary secured transactions system nor operating collateral registry. In its 2020 Annual Report, the Prime Minister's Delivery Unit (PMDU) has made the introduction of both a fully operational credit bureau and a movable assets collateral registry a priority for the country, and it has placed both objectives under the responsibility of the Minister of State for Finance.

Currently, The Bahamian banking sector consists of 242 banks and trust companies, 8 of which are resident commercial banks. There are 10 credit unions that are regulated by the Central Bank of The Bahamas, in addition to 142 insurance companies, inclusive of 81 locally owned brokers and agents. There also exists a small number of hire purchase retailers. As part of the Central Bank's annual strategy, and in order to improve access to finance, in 2019 the Bank launched the Project Sand Dollar, which aims at introducing the Bahamian dollar as a digital currency, with the stated goal of addressing the lack of banking access for many families on the islands.[59]

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	Central Bank of The Bahamas
Other Leading Government Agencies	Prime Minister's Delivery Unit
(Dedicated) Legal framework for credit reporting	■ Credit Reporting Act (2018) ■ Credit Reporting Regulations (2019)
Credit bureau	CRIF Bahamas ■ Licensed: Yes (2019) ■ Operational: No
Public registry	No

Recently, The Bahamas introduced significant reforms that paved the way for the creation of a market for credit information sharing. In 2018, the new Credit Reporting Act was introduced, followed in 2019 by secondary legislation that regulates the functioning of any credit bureaus that will compete in the local market, including its licensing and operations. CRIF Information Services Bahamas Ltd. ("CRIF Bahamas"), a locally owned subsidiary of the Italian company CRIF SpA, which already operates in several jurisdictions including in the Caribbean region, received the first Bahamian Credit Bureau license on December 7, 2019, but it is yet to become fully operational.

In 2010, the Central Bank partnered with the IFC to design the main features of the legal framework that would regulate the exchange of credit information, including for the issuance of a manual to supervise any future credit bureau. The Central Bank initially took the lead with the objective of becoming the supervisory authority of credit bureaus. The IFC, in the initial phases, contributed to the creation of working groups that included key representatives from the various stakeholders in the country's financial system, including the Central Bank, the Bahamas Chamber of Commerce, and the Association of International Banks and Trusts Companies (AIBT), as well as to the organization of workshops to raise awareness about the drafting of the law. Eventually, the Credit Reporting Act, passed by the

58 Central Bank of The Bahamas, 2018.
59 Ibidem.

Parliament in 2018, provided the legal framework to support the establishment of a national credit reporting system, and it placed under the Central Bank the responsibility that any future credit bureau would comply with the Act. The Act was followed by the Credit Reporting Regulations in 2019, which outlined the criteria and processes to apply for a license. Among its supervisory powers, the Central Bank (i) levies any penalty to bureaus when in breach of data protection provision, and (ii) conducts inspections on the credit bureau operations.

The Central Bank conducted an analysis of the type of bureau needed and twice issued a Request for Proposal (RFP) to establish and operate a private credit bureau. Eventually, CRIF was chosen, and in December 2019 the Central Bank issued a license allowing it to establish the first private credit bureau in the country.[60] CRIF was given 12-18 months to go live, and it is scheduled to start operations in 2021.

CRIF Bahamas maintains its dataset in Jamaica, where the company first started its regional operations and where it still maintains the credit bureau for Jamaica. This is a key feature in the way that the bureau was permitted to operate in The Bahamas, as the Credit Reporting Act specifically allowed for data to be kept overseas. With this provision, CRIF could work on the efficiency of its operation while entering a relatively small market. The Central Bank has maintained relations with the Central Bank of Jamaica with respect of any issue that may arise on its data being hosted in their jurisdiction.

Since it was first granted a license to operate, CRIF has moved quickly to engage with local Credit Information Providers (CIPs) — 41 as of now, and it has signed one-to-one Service Level Agreements (SLAs) with banks, utility companies, retailers, as well as the Department of Inland Revenue, which will provide data too. Other key features of the bureau's operations, as it is operationalized, are:

- The information provided include historical data dating back to April 30th, 2018, i.e. the date on which the Credit Reporting Act came into force;
- Any bureau subscriber cannot obtain a credit report without the explicit consent from the data subject;
- CIPs provide data to the bureau without needing a consent clause from individuals and businesses.[61]

Key to the success of the new credit reporting system is the level of engagement that the credit bureau will be able to draw from the public. Both individuals and businesses are not used to credit information sharing, its purposes and usefulness, and the new system may initially be met by resistance and skepticism. Users and clients will need to fully understand and embrace the whole concept of credit reporting and its practical implications. As mentioned in its 2019 Annual Report, the Central Bank will collaborate with CRIF Bahamas on financial literacy initiatives to promote public awareness of the credit reporting framework.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ Prime Minister's Delivery Unit ■ Central Bank of The Bahamas ■ Ministry of Finance
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Currently, there is no unified legal framework for secured transactions in The Bahamas that includes provisions for the creation, publicity and enforcement of security interests in movable assets, and there is no unified collateral registry in operation too. However, the Government of The Bahamas's Registrar General Department maintains a paper-based database that allows some form of collateral registration from banks, a convoluted system that creates legal uncertainty in the establishment of competing priorities, which often results in the decrease of the value of collateral.[62]

The Ministry of Finance and the Central Bank have recently initiated a process to introduce reforms that would overhaul the way security interests in movable assets are eventually created and registered. The Prime Minister's Delivery Unit has also been involved and it has played a coordination role in this initial phase. The Central Bank has engaged a firm to conduct a diagnostic study to scope the necessary requirements for introducing a movable collateral registry tailored to the needs of the country. The main components of the diagnostic study are the determination of the type of legal reform necessary, guided by the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Secured Transactions, and which form the collateral registry will take, including where it will eventually be hosted.

The Central Bank partnered with the IFC, which provided feedback on the procurement process and the key elements

60 https://www.crif.com/news-and-events/press-releases/2019/december/first-credit-bureau-bahamas
61 Section 18(1) and Section 25(3), Credit Reporting Act, 2018.
62 IMF, "The Bahamas. Financial Sector Assessment Program. Technical Note: Financial Inclusion, Retail Payments, and SME Finance," Monetary And Capital Markets Department, IMF Country Report No. 19/201, Washington, D.C., July 2019.

to be included in the RFP, which was launched in December 2020. The diagnostic work started at the beginning of March 2021 and, once it is over, the Ministry of Finance will coordinate the implementation phase. Among the features that will need to be streamlined, there is the ownership structure of the collateral registry. One option currently discussed is to allow credit bureau operators apply to the forthcoming RFP that will be specifically issued to manage the collateral registry. This solution will be a relative novelty, and it could provide efficiency gains.

As the reform process has just started, there is an opportunity for the Central Bank to liaise with other stakeholders in the region, including central banks, that are currently supervising or are spearheading reforms in the same area, including the Central Bank of Jamaica and the ECCB. In addition, the Central Bank should tap into the ongoing efforts by the CARICOM Secretariat to introduced and harmonized legal framework among its member states.

TABLE 11: Priority Policy Recommendations for The Bahamas

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	Central Bank	Consider the revision of the provision in the Credit Reporting Regulations (2019) that allows for tenant screening	Short
	• Central Bank • CRIF Bahamas	Conduct extensive awareness campaigns on the Credit Reporting Act and the Credit Reporting Regulations	Medium
	Central Bank	Conduct periodic surveys to capture any potential challenges to the new credit reporting system	Medium
Secured Transactions	Central Bank	Complete the diagnostic study on the legal and operational framework for secured transactions to be introduced	Short
	Central Bank	Develop training programs to improve MSMEs capacity to conduct financial management of their operations in line with creditors' information needs	Short
	Central Bank	Ensure that the priority scheme in the new secured transaction law ranks secured creditors as high as possible, while respecting other critical national policy objectives	Medium
	Central Bank	Scope the need to facilitate the creation of secondary markets for security interests	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.5. BARBADOS

TABLE 12: Socioeconomic Indicators in Barbados

	Barbados	LAC, average	OECD, average
Population (2019)	287,025	–	–
Working age population (15-64, % of total, 2019)	66.7	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	15,639	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of approximately 287,000 people, Barbados has a labor force comprising almost 192,000 people, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Barbados ranks 152 out of 190 countries in the ease of getting credit indicator. The report indicates that the credit information system is weak, as there is no legal framework that regulates credit bureaus. However, two credit bureaus operate under a Code of Conduct that was developed among the main stakeholders in the financial system. There is not public registry for credit reporting. On the strength of legal rights index, Barbados scores 6 out of 12, indicating that the existing laws only partially protect the rights of borrowers and lenders, and that there is no unitary secured transactions system nor operating collateral registry.

The financial services sector of the Barbadian economy features a vibrant international presence. According to the Barbados International Business Association, in 2013 there were 4,115 entities registered in the country, representing an increase of almost 900 since 2007, and the industry contributed more than 60% of the total intake of corporate taxes to government.[63]

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	Central Bank of Barbados
(Dedicated) Legal framework for credit reporting	No (instead, Codes of Conduct)
Credit bureau	Caribbean Credit Bureau Ltd ■ Licensed: No ■ Operational: Yes Creditadvice Barbados Ltd ■ Licensed: No ■ Operational: Yes
Public registry	No

As of today, Barbados does not have a dedicated credit reporting legislation. However, two credit bureaus have operated in the country for several years under their respective Codes of Conduct, set up voluntarily with some among the key financial institutions that use and provide them with data. As a result, the Central Bank does not currently supervise the operations of the bureaus, which are unregulated. There is no public registry for the collection of credit information.

The first credit bureau operating in the country has been the Caribbean Credit Bureau Ltd (CCBL), formerly known as 'Credi Check,' which was initially established in 1993. CCBL has traditionally collected and distributed information from utility companies and retailers, but not from financial institutions, which are CCBL's main customers. The bureau has mainly collected users' negative information, although recently it has taken steps to include positive data too.

Recognizing the need of develop a more efficient credit reporting system, the Barbados Bankers Association (BBA) spearheaded the introduction of a new credit bureau and, broadly, the overhaul of the credit reporting system in Barbados. In 2016-17, BBA partnered with IFC to develop a code of conduct that would provide with enough provisions for the system to function properly. The code was eventually endorsed by the BBA, while the Central Bank of Barbados participated in the drafting process too.

As part of the process to introduce a code of conduct, the BBA conducted a tendering process to select a credit bureau. Creditinfo, the international credit bureau company, was selected, and it decided to register its operations in the country as Creditadvice Barbados Ltd.[64] In July 2019, commercial banks started to share credit information with the bureau and, by December 2019, all five banks were sharing data under standard agreements, individually signed by the CIPs, in addition to the three largest credit unions, which joined the bureau in May 2020. These are the same institutions that benefit from the bureau's services. There are plans to expand to other providers and include smaller financial intermediaries. Under the code of conduct,

63 Winston Moore, "Private Sector Assessment Report for Barbados," Compete Caribbean, Inter-American Development Bank, Economist Intelligence Unit.
64 The name Creditinfo in has been trademarked in Barbados by CCBL as the result of a potential partnership between the two companies, which never took off.

Creditadvice collects 3 years' worth of consumer data, short of the 5 years typical among international best practices.

As of today, Creditadvice collects data from approximately 90,000 subjects, and it keeps about 400,000 contracts in the database.[65] Data sharing is now voluntary, which is a potential limitation as only a compulsory provision has proven in other jurisdictions to provide for the right incentives to share the data. Also, as of now the consent for data sharing needs to be asked from each consumer, again, a potential limitation to full data sharing.

Creditadvice data for Barbados sit in Jamaica, where Creditinfo keeps the data of Creditinfo Jamaica and Creditinfo Guyana, in an effort to increase the efficiency of data management. However, this raises potential issues in case of data leakages, hack, or mismanagement, which are not fully covered by the codes of conduct. Creditadvice Barbados has an extra-judiciary, formal agreement with Creditinfo Jamaica to handle any of these instances.

One of the reasons that allowed for an international credit reporting company to enter the Barbadian market without a dedicated legal framework is the extended buy-in of the code of conduct by the financial community. The BBA went a long way to conduct sensitization and education campaigns, including the institution of a public forum.

Under the code of conduct set up by BBA, Creditadvice provides credit reports and scores following some key principles:

- Reciprocity in sharing data and receiving reports must exist;
- Minimum 1 year of data required, although banks tend to report data going back to 2+ years;
- There are restrictions with sharing information outside the country.

While the code of conduct has provided some basic guidelines for setting up a viable system for credit reporting, still untested by the market, all involved stakeholders would welcome a full-fledged legal system. The government recently set up a task force to draft the Credit Reporting Bill, spearheaded by the Central Bank and the Ministry of Finance, with the participation of the BBA and the existing credit bureaus. The task force is reviewing the legal system introduced in Antigua and Barbuda in 2017 and The Bahamas in 2018, as well as the Harmonized Credit Reporting framework drafted by the CARICOM Secretariat. The task force's first draft was then presented for comments to a wider group of stakeholders, including credit union, insurances, and housing cooperatives, and eventually introduced to the Chief Parliamentary Counsel (CPC) in October 2020, where it currently stands.

Under the new regime, the Central Bank would become the overall administrator of the credit reporting regime and take up a supervisory role. The draft bill includes mandatory provisions of credit information, data security and management, and it will allow data to be hosted outside of the country. Among the CIPs requested to provide data to the credit bureaus, in addition to commercial banks, the bill designates utility companies, companies that sell goods on hire purchase or offer other credit terms, securities dealers, the National Housing Corporation (NHC), the Student Revolving Loan Fund, Government Registries, and any other entities possessing credit information but not referred to specifically. Once the bill is approved, Creditadvice and CCBL will have one year to apply for and obtain a license.

The Government has decided to set up a financial services tribunal, similar to a local Ombudsman, which will receive complains from users. Two ongoing legislative efforts will include provisions complementary to the credit reporting bill. The Financial Services Tribunal Act will include dispute provisions widely used in financial system, including credit information. The Data Protection Act, which was passed in late 2019 but has not been proclaimed yet, will introduce key infrastructure elements for credit reporting.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	Minister of Energy, Small Business and Entrepreneurship
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Currently, there is no unified legal framework for secured transactions in Barbados that includes provisions for the creation, publicity and enforcement of security interests in movable assets. Accordingly, there no unified collateral registry in operation.

The Ministry of Energy, Small Business and Entrepreneurship has recently taken an interest in developing a secured transactions system in the country, an interest shared also by Impact Justice, a Canadian-funded regional justice sector reform project that may expand the scope of its intervention to a collateral registry. The Ministry is looking at the efforts made in the last few years by the Government of

65 Interview with Crediadvice CEO.

St. Lucia to introduce a secured transactions bill, and it is planning to reach out to the legal profession for cooperation on the legal aspects of the framework. An initial scoping of potential agencies that could host the registry indicated the Central Bank or the Corporate Affairs and Intellectual Property Office (CAIPO).

TABLE 13: Priority Policy Recommendations for Barbados

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	Ministry of Finance	Finalize the draft Credit Reporting Bill and submit it to Parliament for approval	Short
	Central Bank	Conduct extensive awareness campaigns on the new Bill (once approved)	Medium
	Central Bank	Conduct periodic surveys to capture any potential challenges to the new credit reporting system	Medium
Secured Transactions	Ministry of Energy, Small Business and Entrepreneurship	Define scope of the new secured transactions law, the timeline for drafting, and potential technical partners	Short
	Central Bank	Draft a new secured transactions law	Medium
	Ministry of Energy, Small Business and Entrepreneurship	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.6. BELIZE

TABLE 14: Socioeconomic Indicators in Belize

	Belize	LAC, average	OECD, average
Population (2019)	390,353	–	–
Working age population (15-64, % of total, 2019)	65.4	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	7,005	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of almost 390,000 people, Belize has a labor force comprising over 255,000 people, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Belize ranks 173 out of 190 countries in the ease of getting credit indicator. The report indicates that the credit information system is very weak, as there is no dedicated legal framework for credit reporting that regulates credit bureaus. On the strength of legal rights index, Belize scores 4 out of 12, showing that the existing laws only partially protect the rights of borrowers and lenders, and that there is no unitary secured transactions system nor central collateral registry.

Financial services in the country are provided by formal, private (domestic and international), public, semi-formal, and informal entities. In 2018, the structure of Belize's financial system consisted of five domestic commercial banks (including one public commercial bank), four international banks, nine credit unions, nine insurance companies, three non-commercial public financial institutions, sixty-six pawnbrokers and moneylenders, and five remittance service providers. The five domestic commercial banks are Belize Bank, Scotia Bank, Atlantic Bank, FCIB, Heritage Bank and The National Bank of Belize. NPLs are higher than the regional average at 6.2% for domestic commercial banks and 8.9% for credit unions in December 2018.[66] In 2018, Belize launched a National Financial Inclusion Strategy with the vision to "achieve universal access and usage of a broad range of quality and affordable financial services that meet the needs of both individuals and enterprises."[67] The improvement of the credit information system and the secured transactions system are among the key initiatives under the strategy.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ Central Bank of Belize ■ Minister of Finance
(Dedicated) Legal framework for credit reporting	No
Credit bureau	Credit Master Systems ■ Licensed: No ■ Operational: Yes
Public registry	No

As of today, Belize does not have a dedicated credit reporting legislation. However, Credit Master Systems has been aggregating credit information for some years, in addition to providing credit collection and settlement services, its core business. The Central Bank of Belize (CBB) does not supervise the operations of this company, which are unregulated. There is no public registry for the collection of credit information.

In 2012-13, the CBB spearheaded the drafting of the Credit Reporting Bill, with technical assistance provided by the IFC. The draft bill was sent to the National Assembly, but it did not pass. In 2018-19, the CBB started a round of revisions of the original draft, which was later ratified by the Attorney General, and then presented to the Minister of Finance, which at that stage led the political championing of the new legislation. However, following national elections and a change in the administration at the end of November 2020, the bill is still pending Cabinet's review and endorsement. After that happens, the bill could be sent to the two chambers of the National Assembly for final approval. The law will provide the legal framework to regulate and supervise credit bureaus, and it includes provisions giving the Central Bank the supervisory functions and statutory powers to license credit bureaus and supervise their operations, as well as ensuring consumer protection.

66 Central Bank of Belize, National Financial Inclusion Strategy (NFIS), 2019-2022.
67 Ibidem.

Credit Master Systems is a private credit collection company that has also operated as the only provider of partial credit history on individuals and businesses. Commercial banks and retail stores provide it with users information, while pending issues of data privacy have not been addressed. Negative information on borrowers are the only data provided to the bureau. In addition to being very limited in scope, the timeframe and the coverage are unclear, and not all banks use Credit Master for collection purposes nor use their services for all overdue loans in their portfolio. The use, since the registry is unregulated, is not mandatory. Lately, the company has sought to modernize its operations by making an app available to the public for searching and obtaining credit information.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ Ministry of Investment, Trade and Commerce ■ Central Bank of Belize
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Currently, there is no unified legal framework for secured transactions in Belize that includes provisions for the creation, publicity and enforcement of security interests in movable assets. Accordingly, there is no unified collateral registry in operation. In the absence of a system, pawn shops and credit unions have been requesting motor vehicles as collateral to the loans they offer, but only for buying the same motor vehicle.

Belize has four registries that record some interests over movable property: the Land Registry, the Deeds Registry, the Companies & Corporate Affairs Registry, and the city council registries. They record interests in, respectively, compulsory registered land, deed and surveyed land, changes created by business entities, and interests in vehicles and other capital equipment. Vehicle registration is performed in the Mayors' Office or at the Transportation Department Office, depending on the jurisdiction of the filer's residency.

In 2014-19, the Ministry of Investment, Trade and Commerce spearheaded efforts to introduce a secured transactions system and an electronic and online collateral registry, with technical assistance from the IFC, which conducted a diagnostic of the legal provisions affecting movable assets currently included in other legislations. The project included setting up an ad hoc Steering Committee comprising a small group of stakeholders that served as a consultative body. The work was put on hold in November 2020 due to the general elections held in the country. Recently, the Ministry is leading the steering committee to prepare a concept note and raise the capital necessary to continue and complete the work both at the legislative as well as at the institutional level.

The need for a secured transactions system in Belize is included in the financial inclusion strategy, which also highlights some among the key challenges the new legislation faces and must address:

- Where to host the collateral registry;
- Institutional set up, including the potential introduction of a hybrid system;
- Wide-spread data privacy concerns;
- Lack of knowledge by the private sector on how to use intangible assets.

TABLE 15: Priority Policy Recommendations for Belize

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	Cabinet	Review and endorse the National Credit Reporting System Bill	Short
	National Assembly	Approve the National Credit Reporting System Bill	Medium
	Central Bank	Assess market conditions for creating a credit reporting market	Short
	Central Bank	Draft and issue an RFP to license private credit bureau(s)	Medium
Secured Transactions	Ministry of Investment, Trade and Commerce	Finalize the draft secured transactions law and submit it to the National Assembly	Short
	Ministry of Investment, Trade and Commerce	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.7. THE DOMINICAN REPUBLIC

TABLE 16: Socioeconomic Indicators in the Dominican Republic

	Dominican Republic	LAC, average	OECD, average
Population (2019)	10,738,958	–	–
Working age population (15-64, % of total, 2019)	65.0	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	18,413	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of approximately 10.7 million people and a labor force comprising almost 7 million people, the Dominican Republic has the largest pool of credit-active consumers in the Caribbean region. According to the Doing Business report, the Dominican Republic ranks 119 out of 190 countries in the ease of getting credit indicator. The report indicates that the credit information system is very strong: in 2015, the Law No. 288-05 introduced a legal framework for the protection of personal data and the operations of credit reporting institutions. There is also a public registry for credit information maintained by the *Superintendencia de Bancos de la República Dominicana*. On the strength of legal rights index, the Dominican Republic scores 1 out of 12, reflecting a delay in incorporating the improvements introduced by the new Law No. 45-20, which established a legal framework for secured transactions early in 2020, as well as a new collateral registry, the Electronic System of Movable Collateral (*Sistema Electrónico de Garantías Mobiliarias*).

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	*Superintendencia de Bancos*
Other Leading Government Agencies	*Banco Central de la República Dominicana*
(Dedicated) Legal framework for credit reporting	■ Law No. 288-05 ■ Law No. 172-13
Credit bureau	Data-Crédito ■ Licensed: Yes ■ Operational: Yes TransUnion DR ■ Licensed: Yes ■ Operational: Yes Acierta Consulting ■ Licensed: Yes ■ Operational: Yes
Public registry	*Central de Riesgo*

The Dominican Republic has a dedicated credit reporting legislation since 2005, when the Law No. 288-05 was introduced to regulate credit information sharing. It is the only country in the region where both a public registry and private credit bureaus record and make available historical credit information on bank loans as well as credit from non-financial institutions. These registries make available positive and negative information while allowing borrowers to inspect and correct their information. Currently, there are three bureaus that collect credit information on individuals and businesses: Data-Crédito; TransUnion DR, a subsidiary of the American consumer credit reporting agency; and Acierta Consulting. According to the Doing Business report, the three bureaus collect credit information of all adults and almost half of the businesses operating in the country. In addition, the public credit registry – *Central de Riesgo* – collects credit information of about half of the adult population (47%) and almost 15% of Dominican businesses. The *Superintendencia de Bancos* supervises the operations of the three credit bureaus and directly manages the operations of the public registry.

Until 2005, the private credit reporting system worked on a de-facto basis, without a dedicated legislation. In 2015, the Law No. 288-05 introduced for the first time a legal framework for private credit bureaus operating in the Dominican Republic.[68] The legal framework was further integrated with the introduction in 2013 of the Law No. 172-13,[69] which specifically introduced provisions affecting the protection of private data, including:

- Right of access of information;
- Right of forgiveness after 4 years, regardless of whether the credit was paid or not;
- After 15 days CIPs are obliged to provide the information;
- Introduction of a *Unidad de Atención del Titular* (which focuses in particular on lost data).

68 Ley No. 288-05: "Ley que regula las sociedades de información crediticia y de protección al titular de la información."

69 Ley No. 172-13: "Ley que tiene por objeto la protección integral de los datos personales asentados en archivos, registros públicos, bancos de datos u otros medios técnicos de tratamiento de datos destinados a dar informes, sean estos públicos o privados."

The *Superintendencia de Bancos* operates a public registry – Central de riesgos – which only distributes credit information collected and provided by commercial banks.

The largest credit bureau in the country is Data-Crédito, which is domestically owned and started to operate in 1997. In 2018, it had about 8,850,000 individuals registered.[70] Data-Crédito manages the largest dataset of users and number of clients in the Caribbean region, with an estimated credit information market size of approximately $35-40m. It includes positive and negative information from 122 financial institutions and other informal financial intermediaries. It has about 75,000 active users that utilize the information on an ongoing basis. It offers several products, including the credit report, income forecasting, and different types of portfolio risk simulators. It is also diversifying its offering via Caltec Scoring Technologies, a subsidiary that focuses on elaborating data forecast using behavioral economic. It has since shared its operational experience with other countries inside and outside the region, including Honduras and Haiti, and it was part of ALACRED, *Asociación Latinoamericana y del Caribe de Burós de Crédito*.[71] It shares its proprietary systems to manage data with Ecuador and Oman.

Data-credito has an ongoing collaboration with BID to analyze the credit requests.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	*Ministerio de Industria y Comercio y Mipymes*
Other Leading Government Agencies	No
(Dedicated) Legal framework for secured transactions	Yes
Collateral registry	*Sistema Electrónico de Garantías Mobiliarias*

In February 2020, the Congress of the Dominican Republic passed the Law No. 45-20, which established a legal framework for the incorporation, effectiveness, publicity, registration, priority, and execution of security interests to movable assets.[72] In addition, the law established and regulates a collateral registry, the Electronic System of Movable Collateral (*Sistema Electrónico de Garantías Mobiliarias*). The law specifically designed its provisions with the intent of positively addressing the needs of small and medium enterprises.

Among the key provision of the law, which entered into force early in 2021, are:

- The movable collateral refers to all preferential rights that are constituted on movable assets, such as the pledge, universal pledge, assignment of rights by way of security, chattel pledge with or without dispossession or any other included under the unitary concept of movable collateral;
- Individuals, legal persons or autonomous estates that exercise a legitimate right of possession over the assets subject to registration in a special registry, may constitute a security interest over the property, when at the time of the constitution they appear as the titleholders of these in the special registry;
- The security interest over movable assets does not require formalities for its constitution, since it can be documented in a public deed, in a private document with or without legalized signatures, in an electronic document with or without a digital signature.[73]

Unless the parties agree to another term in the contract or agreement, the registration of a security interest in the SEGM will be valid for 5 years, which may be renewable for the term agreed by the parties or additional periods of 5 years. The date of the original priority of the creditor should be maintained, provided that the renewal is made before the expiration date.

70 All data in this section were provided by Data-Crédito.

71 Ibidem.

72 Ley No. 45-20: "Ley que tiene como objecto establecer una normativa jurídica que fomente el uso de garantías mobiliarias, sobre todo como una herramienta de acceso al crédito para las pequeñas y medianas empresas."

73 Pellerano & Herrera, "Law No. 45-20 on Movable Collateral," February 2020.

TABLE 17: Priority Policy Recommendations for the Dominican Republic

Country	Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
The Dominican Republic	Credit Reporting	*Superintendencia de Bancos*	Collect comprehensive data from all credit registries and make them publicly available	Short
	Secured Transactions	*Ministerio de Industria Comercio y MiPymes*	Issue the secondary regulations necessary for the operationalization of SEGM	Short
		Ministerio de Industria Comercio y MiPymes	Operationalize the SEGM and launch its access to the public	Medium
		Ministerio de Industria Comercio y MiPymes	Ensure that impact assessment reports are conducted at least every six months	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.8. GUYANA

TABLE 18: Socioeconomic Indicators in Guyana

	Guyana	LAC, average	OECD, average
Population (2019)	782,766	–	–
Working age population (15-64, % of total, 2019)	65.4	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	13,082	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of over 782,000 people, Guyana has a labor force comprising over 512,000 people, slightly below the LAC average, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Guyana ranks 94 out of 190 countries in the ease of getting credit indicator. On the depth of credit information index, it scores 8 out of 8, indicating that the system is very strong – in fact, in 2010 the country introduced the Credit Reporting Act, a legal framework for credit reporting that allows the licensing of private credit bureaus and gives borrowers the right to inspect their data, among its key provisions. There is currently one private credit bureau, Creditinfo (Guyana) Inc., and no public credit registry. On the strength of legal rights index, Guyana scores 3 out of 12, indicating that there is no unitary secured transactions system nor operating collateral registry, but only specific provisions that protect some rights of borrowers and lenders contained in other laws.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	Bank of Guyana
Other Leading Government Agencies	No
(Dedicated) Legal framework for credit reporting	■ Credit Reporting Act (2010) ■ Credit Reporting (Amendment) Act (2016)
Credit bureau	Creditinfo (Guyana) Inc. ■ Licensed: Yes ■ Operational: Yes
Public registry	No

Guyana introduced a credit reporting legislation in 2010 – the Credit Reporting Act – to regulate the credit bureaus in the country, and the secondary regulations relating to licensing, fees and cost of inspections, and cross-border transfer and storage of credit information. The Act was amended in 2016. Currently, there is one bureau in the country that collects credit information on individual and businesses, Creditinfo (Guyana) Inc. The central bank – the Bank of Guyana – supervises the operations of the credit bureau, which is a member of ALACRED (*Asociación Latinoamericana de Burós de Crédito*).

Bank of Guyana led the drafting of the first credit reporting legislation with technical assistance from the IFC, which later assisted with the selection of the credit bureau too. Among the existing legislations at the time, the framework existing in Jamaica was reviewed. A few years later, when the ECCB was drafting a harmonized legal framework for credit information in the OECS, it reviewed the legislation adopted in Guyana.

As the Credit Reporting Act was introduced in 2010, it become soon clear that it presented some weaknesses, including the sharing of information on a voluntary basis. In particular, the Act allowed the CIPs to share a customer's financial data or information only with the customer's prior consent, which greatly limited the transfer of customers' information and resulted in the slow population of the bureau's database. The Credit Bureau (Amendment) Act of 2016 addressed those weaknesses, in particular, it removed the mandatory consent necessary for CIPs to share data with bureaus. A consent is still required from consumers for bureaus to be sharing the data with lenders, but this became in the interest of consumers to give, as it is customary part of their credit evaluation.

The Creditinfo Group, established and headquartered in Iceland, was chosen by the Bank of Guyana to establish a bureau in the country, which ended up as the second regional subsidiary introduced by the company in the region, after Jamaica. It incorporated in Guyana as Creditinfo (Guyana) Inc. and it is still privately and internationally owned. It obtained the license to operate in July 2013, and it began collecting data after its launch in 2015 from commercial banks as well as utility companies. It expanded the coverage from 2.4% of adult population in May 2015 to 16.4% in January 2016. According to the Doing Business report, in 2020 the bureau collected information on almost 31% of all individuals and businesses operating in the country. The relatively low coverage is probably due to the population density of the country, which tends to be rural and sparse, and the low level of financial penetration. In the future, both the regulator and the credit bureau should conduct extensive campaigns of outreach to overcome perceptions of trust and transparency connected with credit information sharing, in particular in financially underserved areas.

To date, there are 21 CIPs, including banks, microfinance institutions, mortgage companies, utility companies, loan agencies, and trade creditors. The existing law does not provide a univocal definition of credit information providers. As of July 2017, Creditinfo Guyana had over 230,000 active consumers, 324,000 accounts on its database, and it processed 155,317 inquiries and had issued 83,468 credit reports since it started operations.[74]

Creditinfo (Guyana) Inc. hosts the data in one regional database in Jamaica, together with the data of Creditinfo Jamaica and Creditinfo Barbados, as the Guyanese privacy regulations allow data to be sitting outside of the country. The traditional credit report is still the product that is sold the most, probably because other products like credit scoring, portfolio scoring, and portfolio monitoring are not regulated by the existing legislation. Also, there is some uncertainty about the payment system permitted. Both areas may benefit from a legislative intervention, as it would be conducive to the development of new products if the full scope of credit risk management across the loan life cycle were to be regulated.

Currently, there is no unified legal framework for secured transactions in Guyana that includes provisions for the creation, publicity and enforcement of security interests in movable assets. There is no unified collateral registry too.

In 2017, the Ministry of Legal Affairs led an initiative to draft a new secured transactions law with technical assistance from IDB. Once the drafted was completed, it was transmitted for review to the Attorney General's office. As general elections were held early in 2020 and a new government came into force over last summer, the draft law stalled. However, in December 2020 the Government has shown renewed interested in moving forward the review of the draft law.

The Centre for Local Business Development is Guyana's leading source for oil and gas business and industry information, professional development and networking and policy advocacy. Lately, the Centre has proven a key stakeholder in the ongoing reform process of the secured transaction legislation.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	Ministry of Legal Affairs
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

TABLE 19: Priority Policy Recommendations for Guyana

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	• Bank of Guyana • Creditinfo (Guyana)	Conduct extensive outreach of the Credit Reporting Act, particularly in financially underserved areas, including through financial literacy and awareness programs	Short
	Bank of Guyana	Amend the Credit Reporting Act by introducing provisions that (i) clearly define CIPs and (ii) regulate financial institutions' credit risk management across the loan life cycle	Medium
Secured Transactions	Ministry of Legal Affairs	Finalize the draft secured transactions law and submit it to the National Assembly	Short
	Ministry of Legal Affairs	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

74 World Bank Group, "Credit Reporting Knowledge Guide," 2019.

2.9. HAITI

TABLE 20: Socioeconomic Indicators in Haiti

	Haiti	LAC, average	OECD, average
Population (2019)	11,263,077	–	–
Working age population (15-64, % of total, 2019)	62.1	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	2,905	16,376	44,698

Source: WDI, World Bank Group, 2021.

With the largest population among the Caribbean countries (over 11.2 million people) and a labor force comprising almost 7 million people, Haiti has large pool of potential credit-active consumers. According to the Doing Business report, Haiti ranks 144 out of 190 countries in the ease of getting credit indicator. It scores 5 out of 8 on the depth of credit information index, indicating a legal system aligned to international best practices with respect to credit information sharing. However, there are no private credit bureaus operating in the country, while there is one public credit registry. On the strength of legal rights index, Haiti scores 2 out of 12 – while a Presidential Decree introduced in 2020 a dedicated legal system for secured transactions, it has not been translated into law yet nor it has been fully implemented. The 2009 *Loi sur le Gage sans dépossession*, currently repealed by the 2020 Decree, established a collateral registry, the *Registre des Sûretés Mobilières*. However, the operations of the registry are still paper-based, and they do not cover the entire country. In Haiti there are 14 banks, and MFIs are implementing digital initiatives.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	*Banque de la République d'Haïti*
Other Leading Government Agencies	No
(Dedicated) Legal framework for credit reporting	■ *Loi sur les banques et autres institutions financières* (2012) ■ *Circulaire No. 105-1* (2017)
Credit bureau	No
Public registry	*Bureau d'Information sur le Crédit*

Haiti's current legal framework for credit information sharing is based on the 2012 Banking Law[75] and the BRH's 2017 secondary legislation that regulates the public registry.[76] There are no private credit bureaus in the country that collect credit information on individual and businesses, but there is a public credit registry, the *Bureau d'Information sur le Crédit* (BIC), that absolves the same function, and that is operated and supervised by the central bank, the *Banque de la République d'Haïti* (BRH).

BRH has led a revision of the credit reporting system, including the legal framework, with the technical assistance of the IFC, based on international best practices and the World Bank's General Principles for Credit Reporting. This project is in the third year of its five-year implementation plan, and the BRH completed a first draft of the new credit information law. The draft bill was then submitted to Parliament by the Government, and it is still waiting to be voted.

BIC started to officially operate in 2018, and it currently receives data from about sixty CIPs, including banks, credit institutions, three microfinance institutions, three non-bank institutions, and three microfinance cooperatives. The pool of CIPs was widened in 2019, and they are all under the BRH supervision. According to the Doing Business report, in 2020 BIC captured information of only about 5% of the adult population in Haiti, including individuals and firms. Among the reasons that explains this low coverage, commercial enterprises and utility companies are not part of the registry, and forms of identification are not as widespread in the country. However, following best practice, users do have the right to request a credit report. The registry has been exploring options to provide scoring reports to users, but the IT component of the initiative has currently not been streamlined.

The National Strategy on Financial Inclusion, an initiative of the BRH, and recent legislative efforts in microfinance legislation, have been trying to address the low coverage of the public registry. Since access to formal credit is extremely low among the adult population, but mobile network penetration is high, there is an opportunity to leverage on the high access by allowing people to use digital banking services to pay bills, for example, and request that these payment trends are shared with the public registry. The existing telecom operators, including Digicel and Natcom, would need to partner with banks in order to offer these

75 "Loi sur les banques et autres institutions financières," 2012. See article 179.

76 Circulaire No. 105-1: "Conditions de transmission des informations sur les crédits octroyés aux clients des institutions financières au Bureau d'information sur le Crédit."

fintech services. In parallel, Conatel, the public telecom regulator, has approached the telecom operators to create a legal framework that would also include the fintech services, and they have created a steering committee to conduct a feasibility study.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	*Direction Générale des Impôts*
Other Leading Government Agencies	■ *Premier Ministre d'Haïti* ■ *Ministère de l'Economie et des Finances d'Haïti, Direction Générale des Impôts*
(Dedicated) Legal framework for secured transactions	*Décret réformant le droit des sûretés* (2020)
Collateral registry	*Registre des Sûretés Mobilières*

In 2009, Haiti strengthened its secured transactions system through the introduction of a law, the Loi sur le Gage sans dépossession, that regulated pledges without dispossession, and it included very limited provisions for the creation, publicity and enforcement of security interests in movable assets.[77] However, in 2020 the Government repealed that law with the *Décret réformant le droit des sûretés*, a presidential decree which overhauled the secured transaction system in the country and that was passed with status of law. The decree broadened the range of assets that can be used as collateral, allowing future and after-acquired property to be used as collateral, and automatically extending security interests to the products, proceeds and replacements of the original asset. The text has then been approved by the Chamber of Deputies, but it is currently awaiting endorsement by the Senate. An implementing regulation for this decree has been prepared and submitted in January 2021 to the Council of Ministers, but it has not been published yet.

The 2009 law had established the *Direction du Registre des Sûretés Mobilières* (DRSM), under the *Direction Générale des Impôts* (DGI), the fiscal authority of Haiti, to manage a paper-based collateral registry, the *Registre des Sûretés Mobilières*. The registry became operational in 2011 in Port-au-Prince and since then, it has received sporadic information from some of the commercial banks operating in the country. Since 2018, the DRSM has led the efforts to move the registry online, with the technical assistance of the IFC and the World Bank. This project is part of a larger program to digitalize many services related to the fiscal authority in Haiti. The system is currently being tested, and the contractor is working on the online payment platform, aiming at making it fully operational in 2021.

TABLE 21: Priority Policy Recommendations for Haiti

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	Parliament	Enact the new credit reporting legislation	Short
	Banque de la République d'Haïti	Assess market conditions for creating a credit reporting market	Short
	Banque de la République d'Haïti	Draft and issue an RFP to license private credit bureau(s)	Medium
Secured Transactions	Senate	Approve the Presidential Decree that updates the secured transaction law	Short
	Direction Générale des Impôts	Finalize the operationalization of the new online collateral registry	Short
	Direction Générale des Impôts	Ensure that impact assessment reports are conducted at least every six months after the introduction of the new registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

77 World Bank Group, Doing Business 2010.

2.10. JAMAICA

TABLE 22: Socioeconomic Indicators in Jamaica

	Jamaica	LAC, average	OECD, average
Population (2019)	2,948,279	–	–
Working age population (15-64, % of total, 2019)	67.5	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	9,761	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of over 2.9 million people, Jamaica's labor force comprises almost 2 million people, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Jamaica is the best performing country in the Caribbean region in the Doing Business' ease of getting credit indicator and, globally, it ranks 15 out of 190 countries. On the depth of credit information index, it scores of 8 out of 8, indicating that it has a very strong credit reporting system – in fact, in 2010 the country introduced the Credit Reporting Act, a legal framework for credit information sharing that allows the licensing of private credit bureaus and gives borrowers the right to inspect their data, among its key provisions. There are currently three licensed private credit bureaus that operate in Jamaica, Creditinfo Jamaica, CRIF Information Bureau Jamaica, and Credit Information Services Ltd. There is no public credit registry. The secured transactions system shows a score of 9 out 12 on the strength of legal rights index, capturing the existence of a comprehensive and unitary legal framework and a complementary collateral registry, the National Security Interests in Personal Property Registry of Jamaica (NSIPP Registry).

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	Bank of Jamaica
Other Leading Government Agencies	Ministry of Industry, Investment and Commerce
(Dedicated) Legal framework for credit reporting	■ Credit Reporting Act (2010) ■ Credit Reporting Regulations (2011)
Credit bureau	Creditinfo Jamaica Limited ■ Licensed: Yes ■ Operational: Yes CRIF Information Bureau Jamaica ■ Licensed: Yes ■ Operational: Yes Credit Information Services Ltd ■ Licensed: Yes ■ Operational: Yes
Public registry	No

The legal and regulatory framework for credit information sharing in Jamaica is based on the Credit Reporting Act, which was inspired by the Canadian legislative system on credit reporting and it was approved in August 2010, and the subsequent Credit Reporting Regulations, enacted in January 2011, which jointly regulate the operations of the private credit bureaus in the country. Currently, there are three credit bureaus that collects credit information on individual and businesses, Creditinfo Jamaica, CRIF, and Credit Information Services Ltd. The Bank of Jamaica's Credit Oversight Unit supervises the operations of the credit bureaus.

Currently, the Bank of Jamaica is leading a program to improve the performance of the credit bureaus by promoting credit awareness, in collaboration with the civil society and the private sector. Another goal is to increase the data that utility companies provide to credit information since 2018, information that are currently underreported. The BoJ is also leading a financial literacy program to inform individuals to get the free credit reports allowed by the law.

The National Financial Inclusion Strategy called for a legislative review of the Credit Reporting Act. In late 2020, the review pointed to some amendments for BoJ to consider, including:

- Reciprocal treatment between CIPs and users;
- Simplification and standardization of credit reports;
- Broadening the scope of credit provisions.

BoJ started a collaboration with the Private Sector Organization of Jamaica (PSOJ), an umbrella organization that includes the credit bureaus, and put in place an access to finance facilitation panel. As a result of this and other initiatives, from March 2017 to December 2019 financial inclusion increased from 22% to 47%, as measured by number of individuals covered by any of the three bureaus. According to the Doing Business report, in 2020 the bureaus collected information on over 52% of all individuals and firms in Jamaica.

The main CIPs in Jamaica are commercial banks, the building society, other deposit-taking financial institutions, about twenty credit unions, statutory lending institutions, microfinance institutions, trade creditors, retailers, and utility companies. They share data with the bureaus on a voluntary basis, and they all use the information collected. As there no mandatory participation or reciprocity in credit data sharing, participation in Jamaica's credit reporting regime has been market driven. As of 2013, the total number of credit reports issued by the three registries was around 250,000. The Bank of Jamaica requires quarterly reporting from credit bureaus, in order to facilitate ongoing monitoring of key performance indicators and assess the impact of market developments on bureaus' operations.[78]

Among the issues emerged in the credit reporting system is the lack of seamless compatibility among the databases managed by the bureaus, forcing CIPs to prepare the datasets in different formats according to each bureau's. Also, communication between the private credit bureaus, the public collateral registry, and CIPs should be improved so that the negative information are updated and discharged in a timely fashion (for example, once the debt is repaid). As noted by the bureaus, the next round of revision of the Credit Reporting Act may allow other sectors to access their services, including the collection industry or the real estate industry.

CRIF Information Bureau Jamaica, part of the multinational company CRIF Group, has been present in Jamaica since 2011, having originally been established as CRIF NM Credit Assure, a joint venture between CRIF SpA and the Massy Group. It obtained a license in 2012 from the Ministry of Finance to operate a full file (positive and negative data) credit bureau in Jamaica, and it began operations in September 2013. CRIF took the first few years of operations to gain acceptance from the public at large, and now it maintains data of up to 400,000 individuals, including many who do not have a formal relation with the commercial banks. The main product that it offers is the credit report. CRIF has partnered with local institutions to reach out to the informal sector.

Creditinfo Jamaica was established in March 2012, when the Icelandic credit bureau company Creditinfo obtained a license from BoJ to operate a fully independent subsidiary in Jamaica.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	Companies Office of Jamaica
Other Leading Government Agencies	■ Ministry of Investment, Trade and Commerce ■ Bank of Jamaica
(Dedicated) Legal framework for secured transactions	Yes
Collateral registry	National Security Interests in Personal Property Registry of Jamaica

Jamaica introduced a legal framework for the incorporation, effectiveness, publicity, registration, priority, and execution of security interests to movable assets when in 2013 it enacted the Security Interest in Personal Property (SIPP) Act, which came into effect in January 2014. The new law allowed for the establishment, in the same year, of a notice-based collateral registry, the National Security Interest in Personal Property Registry of Jamaica (NSIPP Registry). The Companies Office of Jamaica, an agency of the Ministry of Industry, Investment and Commerce (MIIC), manages the collateral registry.

Jamaica has pioneered the establishment of a fully functioning secured transaction framework in the region, and it received technical assistance initially from IDB's Compete Caribbean program, and later from the IFC. The dedicated legislation broadened the range of assets that could be used as collateral, allowed a general description of assets granted as collateral, facilitated the creation of security interests in personal property and provided for a simple registration process for the recognition of such interests, and stipulated the rules which will govern the priority in which such interests are enforceable. According to the SIPP Act, the system should be reviewed every three years.

As of 2018, there were about 25,000 user's files in the NSIPP Registry. The most common clients of the registry are consumers and individuals, as opposed to small businesses, which are only about 10% of the total files. Motor vehicles make up the bulk of assets listed in the registry, as there is a well-functioning secondary market. Other underlying goods include appliances and business equipment, however, granting a loan may require a combination of both appliances and business equipment. Financial institutions do not readily accept other forms of movable assets common in Jamaica, like livestock and furniture, or inventory and warehouse receipts, because there are no accessible secondary markets. There is JMD 500,000 lower limit (approximately USD 3,300) as the value of the loan that can be registered. There is small fee of JMD 1,500 (approximately USD 10) borne the borrower, even if the registry reduced the cost of the stamping and reg-

78 World Bank Group, "Credit Reporting Knowledge Guide," 2019.

istration. The MIIC is tasked with increasing the usage of the registry and it has been working with local and international partners on ways to improve its utility.

Some among the key challenges of the overall system are:

- Banks are only granting loans based on immovable assets as they find it difficult to upgrade their risk system;
- NSIPP Registry users need dedicated and sustained training/education, including wider public awareness;
- Some financial institutions have not fully internalized the benefits of using the system;
- Lack of an efficient and effective system for trading in movable assets (e.g. secondary market).

In 2017, the MIIC conducted a legal review of the SIPP Act to evaluate the secured transaction regime with respect to its original policy objectives, which included proposed amendments to the Act and changes to the operational framework of the collateral registry. Some of the amendments, which are currently going through the requisite legislative process to obtain parliamentary approval, focused on:

- Clarifying the definition of the security interest, so that it includes the sales of account receivables;
- Indicating the legal limit under which the secured possessors in case of default will take possession;
- Clarifying the section on enforcement and intellectual property.

The technical and operational changes to the collateral registry, which were submitted to the software company that manages the dataset, included:

- Lack of third-party access to loan files;
- Insufficient training and public awareness;
- Need to register other assets, not just motor vehicles;
- Impractical registry for smaller loans;
- Data must be input manually from many entities into the collateral registry, as the respective APIs do not communicate.

A 2020 IFC report assessed the secondary markets for movable assets in Jamaica, with a focus on the manufacturing sector.[79] Among the key conclusion, the report highlighted the fragmentation the secondary markets, and it recommended setting up an online, centralized platform to cover assets other than motor vehicles. It also suggested the introduction of an e-commerce platform, with the suggestion that its ownership be structured either as a PPP or fully private.

TABLE 23: Priority Policy Recommendations for Jamaica

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	All credit bureaus	Ensure interoperability between private bureaus' system platforms	Short
	Ministry of Industry, Investment and Commerce	Provide training to banks' personnel to use credit reports for pricing the risk of loans	Short
	Bank of Jamaica	Amend the Credit Reporting Act and Regulations by including the recommendations provided by the 2020 legislative review	Medium
	Bank of Jamaica	Design and roll out a long-term strategy to provide extensive awareness campaigns on the benefits of credit information sharing	Medium
Secured Transactions	Ministry of Industry, Investment and Commerce	Amend the SIPP Act by including the recommendations provided by the last legislative review	Short
	Companies Office of Jamaica	Upgrade the NSIPP Registry following the recommendations from the technical review	Medium
	Ministry of Industry, Investment and Commerce	Facilitate the establishment of a single (online) platform to facilitate the trade of multiple types of movable assets	Medium
	Ministry of Industry, Investment and Commerce	Ensure that impact assessment reports are conducted at least every six months	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

79 IFC, "Assessment of Secondary Markets for Movable Assets in the Jamaica Manufacturing Sector," October 2020.

2.11. SURINAME

TABLE 24: Socioeconomic Indicators in Suriname

	Suriname	LAC, average	OECD, average
Population (2019)	581,363	–	–
Working age population (15-64, % of total, 2019)	66.0	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	16,525	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of over 580,000, Suriname's labor force comprises almost 384,000 people, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Suriname ranks 181 out of 190 countries in the ease of getting credit indicator. The credit reporting system shows a score of 0 out of 8 on the depth of credit information index, indicating that there is no legal framework for credit reporting that allows the licensing of private credit bureaus and gives borrowers the right to inspect their data. However, there is a private credit bureau – the Central Credit Bureau Suriname (CCBS) – which was recently established and operates with limited coverage. There is no public credit registry. The secured transactions system shows a score of 2 out 12 on the strength of legal rights index, capturing the absence of a comprehensive and unitary legal framework and a collateral registry.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ Central Bank of Suriname ■ Ministry of Trade and Industry ■ Ministry of Finance
(Dedicated) Legal framework for credit reporting	No
Credit bureau	Central Credit Bureau Suriname ■ Licensed: No ■ Operational: Yes
Public registry	No

There is no legal nor regulatory framework for credit information sharing in Suriname. The Banking Network Suriname N.V. (BNETS) launched a private credit bureau, the Central Credit Bureau Suriname, which started to operate in 2020. There is no public credit registry.

In 2012-2014, the Central Bank of Suriname started the drafting of a credit reporting bill, with the technical assistance of the IFC, which also provided inputs on organizing workshops to create credit market awareness. Preliminary work was also started to design a market for private credit bureaus, including drafting an RFP to attract potential companies interested to apply for a license, once the law passed. Adjustment to the draft law were made in 2019, before it was introduced to Parliament by the Ministry of Finance. However, following the Parliamentary elections in May 2020 and the subsequent creation of a new government, the draft law has been put on hold, pending.

In 2018, the Surinamese Bankers Association started a collaboration with BNETS, a private company that owns the Surinamese interbank network, whose core mission is offer financial services to commercial banks in Suriname. BNETS launched a pilot project under which banks collected credit information under the current legal system and explored the possibility of setting up a central credit registration system in Suriname. This initiative was supported by the Central Bank of Suriname, and it was led by a Steering Committee which included five BNETS member banks. Among the existing models explored, the pilot project considered the *Bureau Kredietregistratie* (Credit Registration Bureau) in the Netherlands. A few months before the credit bureau started, BNETS also launched an information campaign to inform the public of the existence of the credit bureau and the importance of credit information sharing.

The pilot project established the Central Credit Bureau Suriname (CCBS) as a non-licensed credit bureau. BNETS operates CCBS as separate entity, which went live in June 2020. CCBS' operating system (based on a SOC2 certified cloud application) uses the same vendor as that of the credit bureaus of Aruba, Curaçao, Saint Maarten, and Bonaire. This could allow, as and if appropriate legislation is passed in all jurisdictions involved, sharing of credit information among the credit bureaus. As information security and data protection is an important aspect of credit reporting services, the CCBS policies and procedures have been certified against the international standards for Information Security (ISO-27001) and Business Continuity (ISO-22301). CCBS is a member of the ALACRED (*Asociación Latinoamericana de Burós de Crédito*) and of ACCIS (Association of Consumer Credit Information Suppliers).

From June to December 2020, CCBS allowed a grace period of six months, whereby individuals were given the opportunity to resolve their pending debts before being registered in the bureau. As the bureau operates in the absence of a legal framework, CCBS signed a standard member agreement with all CIPs, spelling out the requirements with respect to privacy, and responsibilities from both sides, though a Member Agreement, General Rules, and a Code of Conduct. Currently, CCBS collects data from three BNETS shareholder banks and one non-shareholder. Three additional financial institutions, which are not shareholders, are in the process of onboarding. The basis for the CCBS data exchange with CIPs is consent, which has to be provided from the individual consumer to include their data and later to share them. However, participating banks do not provide loans unless consumers allow to share their data. The default timing of data registration is three years for negative information and seven years for positive information. Members' credit checks and consumers' credit report are among the products currently offered by CCBS.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	Ministry of Trade and Industry
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Suriname does not have a dedicated legal framework for the incorporation, effectiveness, publicity, registration, priority, and execution of security interests to movable assets. Although the current legislation allows for some form of secured lending, including in the Civil Code (*Burgerlijk Wetboek, pandrecht*), the existing provisions present restrictions on the type of collateral and the type of debtor and creditor.

In 2014, the Ministry of Trade and Industry's Competitiveness Unit of Suriname (CUS) took the lead to draft a new law that would regulate the secured transactions in the country, with the technical assistance of IDB's Compete Caribbean program, as well as the design of a national, unified collateral registry. A Secured transactions legislation was drafted, but it was never approved by the Parliament. Similarly, the efforts to design the collateral registry were initiated but never completed, as the legislation stalled. Following the Parliamentary elections in May 2020, it is not clear yet if the new government revamp the efforts to finalize and approve the new legislation.

The initial project developed with the IDB also included the launch of a national forum to support discussions on the benefits for the private sector of a reformed secured transactions legislation. Moving forward, there is the need to continue efforts to build capacity of the financial services sector on secured transactions systems.

TABLE 25: Priority Policy Recommendations for Suriname

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	Parliament	Pass the final Credit Reporting Bill	Short
	Central Bank	Draft and issue an RFP to license private credit bureau(s)	Medium
	Central Bank	Conduct extensive awareness campaigns on the benefits of credit information sharing	Medium
Secured Transactions	Ministry of Trade and Industry	Finalize the draft secured transactions law and submit it to Parliament	Short
	Ministry of Trade and Industry	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

2.12. TRINIDAD AND TOBAGO

TABLE 26: Socioeconomic Indicators in Trinidad and Tobago

	Trinidad and Tobago	LAC, average	OECD, average
Population (2019)	1,394,973	–	–
Working age population (15-64, % of total, 2019)	68.6	67.1	65.0
GDP Per Capita (US$, PPP, 2019)	26,176	16,376	44,698

Source: WDI, World Bank Group, 2021.

With a population of almost 1.4 million people, Trinidad and Tobago's labor force comprises almost 1 million people, a great majority of whom are potential credit-active consumers. According to the Doing Business report, Trinidad and Tobago ranks second in the region, behind Jamaica, on the ease of getting credit indicator, and 67 out of 190 countries globally. The credit reporting system shows a score of 6 out of 8 on the depth of credit information index – while there is no dedicated legal framework for credit reporting, the three existing credit bureaus follow codes of conduct that do include some international best practices on credit reporting systems. There is no public credit registry. The secured transactions system shows a score of 7 out 12 on the strength of legal rights index, capturing the absence of a comprehensive and unitary legal framework and a collateral registry.

CREDIT REPORTING SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	■ Ministry of Finance ■ Central Bank of Trinidad and Tobago
(Dedicated) Legal framework for credit reporting	No (instead, Code of Conduct)
Credit bureau	TransUnion ■ Licensed: No ■ Operational: Yes Credit Chex Limited ■ Licensed: No ■ Operational: Yes A.V. Knowles and Company Ltd ■ Licensed: No ■ Operational: Yes
Public registry	No

Trinidad and Tobago has a very active credit reporting market, notwithstanding the absence of a dedicated legal and regulatory framework for credit information sharing. There are three private credit bureaus that collects credit information on individual and businesses and that operate on a code of conduct: TransUnion, Credit Chex Limited, and A.V. Knowles and Company Ltd. There is no public credit registry and no supervisory authority.

In 2006, the Central Bank led an initiative to introduce a "Consumer Fair Reporting Bill," which focused on establishing guidelines for consumer consent. The draft bill, which was presented to Parliament but did not pass, as its opponents were concerned about a clause that allowed a credit report to be issued as pre-screening for employment; in addition, as TransUnion was given a "qualified privilege," it was deemed not liable for misinformation about individual files and accordingly could not be sued. International best practices, on the other hand, point to full legal responsibility be assigned to the credit bureau operator.[80] Since 2010, the authorities have aimed at introducing a new reporting bill, but so far the efforts have stalled.

The credit bureaus have implemented code of conducts, in the absence of a legislative framework, that included some of the best international practices with respect to credit reporting systems, including the distribution of positive and negative information, as well as the inclusion of data from retailers and telecommunication companies. According to the Doing Business report, in 2020 the bureaus collected credit information of over 80% of individuals and businesses in the country.

The first credit bureau that set up operations in Trinidad and Tobago was Credit Reporting Services Limited (CRSL), which started to offer credit report in mid-2004. In the absence of a legal framework for credit reporting, the initiative to create an enabling environment conducive to some form of de-facto credit data collection was spearheaded by the Bankers Association of Trinidad and Tobago (BATT). BATT first involved the Chamber of Commerce to lead a feasibility study in 2000, followed by the creation of a joint venture by 4 local banks – Infolink Services Limited — which eventually contracted TransUnion to set up the first bureau, CRSL, that started to operate with a code of conduct.

80 Camille Ramos, "How Trinidad and Tobago brought credit reform to the Caribbean, Doing Business 2009, World Bank.

SECURED TRANSACTIONS SYSTEM

Supervisory/Governing Authority or Agency	No
Other Leading Government Agencies	Ministry of Trade and Industry
(Dedicated) Legal framework for secured transactions	No
Collateral registry	No

Trinidad and Tobago does not have a dedicated legal framework for secured transactions. However, the Bankruptcy and Insolvency Regulations introduced in 2014, which follow the Bankruptcy and Insolvency Act of 2006, introduced norms that established clear grounds for relief from a stay of enforcement actions by secured creditors during reorganization procedures as well as a time limit for the stay. As of today, there is no functioning collateral registry.

Since 2019 the Ministry of Trade and Industry has been spearheading the introduction of a new secured transaction system. The Ministry chairs the Steering Committee to provide inputs to the draft legislation, with technical assistance provided by the IDB, which include key stakeholders from the public as well as the private sector, including the Bankers Association and the Credit Union League. A brief on the guidelines of the future legislation has been drafted, which has followed the framework provided by the 2016 UNCITRAL Model Law on Secured Transactions, in addition to reviewing the laws existing in Jamaica and St. Lucia. Currently, the technical team in the Ministry is translating the brief into a legislative draft, after having collected inputs from key stakeholders through two public workshops, to be tabled to Parliament as soon as it is ready.

While Trinidad and Tobago's legislation does not restrict the use of any particular type of collateral, immoveable property is de-facto preferred by financial intermediaries. The legislation recognizes mortgages, charges and pledges as the principal consensual security devices as well as a consensual lien. The following are some of the issues identified with the current legal framework:

- The Bills of Sale Act effectively limits the use of mortgages to existing but not future goods;
- The rules on priority over a security interest are complex and based on 'first in time, first in right' and the effect of notice of another's interest.[81]

The draft legislation includes the establishment of an independent registry, but it does not indicate which agency or government entity will supervise the registry. Once the law is voted and approved, the Ministry of Trade and Industry plans to conduct awareness and information campaigns that focus on leveraging the legal and financial sector's buy-in. At the same time, the Ministry should also focus on creating a strategic plan on how to facilitate the creation of secondary markets, including, for example:

- IP (Intellectual Property) for SMEs to use credit;
- Factory and inventory loans, as currently the markets are very small.

TABLE 27: Priority Policy Recommendations for Trinidad and Tobago

Policy Area	Entity Responsible for Implementation	Reform Recommendation	Timeline /*
Credit Reporting	• Ministry of Finance • Central Bank	Create a steering committee with key stakeholders to draft a new Credit Reporting Bill	Short
	• Ministry of Finance • Central Bank	Draft and issue an RFP to license private credit bureau(s) according to the requirements of the new bill	Medium
Secured Transactions	Ministry of Trade and Industry	Complete the revision of the existing draft secured transactions law and submit it to Parliament	Short
	Ministry of Trade and Industry	Draft and issue an RFP to design and implement a new collateral registry	Medium

/* A short-term timeline generally refers to less six months; a medium-term timeline generally refers to over six months.

81 Government of the Republic of Trinidad and Tobago, "Advisory Services for the Development of A Legal Framework For Secured Transactions," Request for Expression of Interest, Contract/Bid No: MTI/LFFST/2019.

LIST OF FIGURES AND TABLES

ABBREVIATIONS

ABL	Asset-based lending
ACCIS	Association of Consumer Credit Information Suppliers
AIBT	Association of International Banks and Trusts Companies
ALACRED	*Asociación Latinoamericana y del Caribe de Burós de Crédito*
API	Application Programming Interface
BATT	Bankers Association of Trinidad and Tobago
BBA	Barbados Bankers Association
BIC	*Bureau d'Information sur le Crédit*
BNETS	Banking Network Suriname N.V.
BoJ	Bank of Jamaica
BRH	*Banque de la République d'Haïti*
CAIPO	Corporate Affairs and Intellectual Property Office
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum
CBB	Central Bank of Belize
CCBL	Caribbean Credit Bureau Ltd
CCBS	Central Credit Bureau Suriname
CIP	Credit Information Provider
CMFA	Caribbean Micro Finance Alliance
COFAP	Council of Finance and Planning
CPC	Chief Parliamentary Counsel
CRSL	Credit Reporting Services Limited
CUS	Competitiveness Unit of Suriname
DGI	*Direction Générale des Impôts*
DRSM	*Direction du Registre des Sûretés Mobilières*
EBRD	European Bank for Reconstruction and Development
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECPCGC	Eastern Caribbean Partial Credit Guarantee Corporation
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
ISS	Informal Sector Survey
JMD	Jamaican dollar,
LAC	Latin America and the Caribbean
LLC	Limited Liability Company
MABL	Movable asset-based lending
MICM	*Ministerio de Industria y Comercio y Mipymes*
MIIC	Ministry of Industry, Investment and Commerce
MSME	Micro, Small and Medium Enterprises

NCPC	National Productivity and Competitiveness Council
NFIS	National Financial Inclusion Strategy
NHC	National Housing Corporation
NPL	Non-Performing Loan
NSIPP	National Security Interest in Personal Property Registry
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
PMDU	Prime Minister's Delivery Unit
PPP	Public–Private Partnership
PROTEqIN	Productivity, Technology, and Innovation
PSOJ	Private Sector Organization of Jamaica
RFP	Request for Proposal
ROSCA	Rotating Savings and Credit Associations
SEGM	*Sistema Electrónico de Garantías Mobiliarias*
SIPP	Security Interest in Personal Property
SME	Small and Medium-sized
UNCITRAL	United Nations Commission on International Trade Law
TWG	Technical Working Group
UNDP	United Nations Development Programme
USD	United States dollar
WBG	World Bank Group

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