

F. CREDIT REGISTRY

1. OVERVIEW

Year 2010 may be considered a successful and diverse year for the performance and functioning of the Credit Registry. At end-2010, which marked the Credit Registry's third anniversary, data were reported for almost all borrowers in the Republic of Albania. The latest records show about 540,000 reported loans in total, of which 260,000 are active loans and the rest have been paid during these three years.

Having additional and reliable information on consumers, either positive or negative, is a very important element in the decision-making process for a certain loan or for assessing a customer's performance throughout the duration of the loan. This information is being ever-increasingly used by data reporters and is serving them for decision-making. Figures related to the number of queries show an increased utilization of Credit Registry's data from one year to another.

Table 39 Number of new disbursed loans in the Credit Registry and number of queries made by entities subject to the Credit Registry

	Number of new disbursed loans	Queries in the Credit Registry
2008	128,682	88,875
2009	92,719	171,146
2010	128,278	198,229
2010		
Banks ¹	98,752	192,989
Non-bank financial institutions and USCAs	29,526	5,240

¹ Including the Bank of Albania.

Source: Bank of Albania

The figures over the three historical years show an increase in the number of active loans (not matured) reported in the system. Their outstanding balance appears to have the same trend.

	Number of active loans
2008	262,368
2009	291,137
2010	320,813

Table 40 Number of loans reported to the Credit Registry through the years

2010	Number of active loans
Commercial banks	263,591
Non-bank financial institutions and USCAs	57,222

Source: Bank of Albania

In this regard, processing the generated report on the borrower, or reviewing the data on the borrower is an integral part of the daily work of the Bank of Albania's Credit Registry. During 2010, five regional branches of the Bank of Albania were included in the process, as intermediaries to assist persons residing in remote areas outside Tirana. Today, the Bank of Albania's branches have assigned appropriate staff to follow up this process and communicate with the Credit Registry Office in Tirana.

	Application for a report on the borrower	Application for data review
2008	139	34
2009	198	15
2010	368	13

Source: Bank of Albania

Table 41 Number of applications for a report on the borrower and the number of applications for review of data retained at the Credit Registry, through the years

The information generated by the Credit Registry serves also to the Bank of Albania for its on-site and off-site supervision. Generating different periodic reports contributes to supervising the credit risk at higher levels.

2. AMENDMENTS TO THE REGULATORY FRAMEWORK OF THE CREDIT REGISTRY

During 2010, the review of the regulatory framework has clarified many aspects, which besides relating to the operational and supervisory work also relate to the inclusion of new reporting entities in the Credit Registry.

In concrete terms, the Bank of Albania has adopted the updated comprehensive regulatory framework on credit registry, which consists of: 1. Regulation No. 67 of 13/10/2010 "On the information content and functioning of Credit Registry at the Bank of Albania"; 2. Guideline No. 68 of 13/10/2010 "On the procedure for issuing a report on the borrower and reviewing data retained at the Credit Registry"; 3. Decision No. 69 of 13/10/2010 "On approving the fees charged for using data retained at the Bank of Albania Credit Registry"; 4. Guidelines No. 70 of 13/20/2010 "On the functioning of the Credit Registry at the Bank of Albania"; and Order No. 9431 of 05/11/2010 "On approving the data and type of information reported at Bank of Albania Credit Registry".

3. PROCESS OF INCLUDING NON-BANK FINANCIAL INSTITUTIONS AND SLAs AND THEIR UNIONS INTO THE CREDIT REGISTRY

During 2010, the work focussed on including other non-bank financial institutions involved in lending activity as data reporters to the Credit Registry. The information those entities had was lacking to the banking market. On the other hand, non-bank financial institutions themselves were daily faced with the lack of information on customers applying for a loan at their institution. In November 2010, five new entities raised the number of reporters to the Bank of Albania's Credit Registry to 22, and hence even the volume of the reported information. More specifically, they were:

- Besa Fund sh.a;
- Opportunity Albania sh.a;
- Vision Fund Albania sh.p.k.;
- Union of Savings and Credit Associations "Jehona";
- Albanian Savings and Credit Union.

Throughout this period, in parallel with the work for including non-bank financial institutions into the Credit Registry, efforts have been made to start the testing process of data reported by entities conducting financial leasing. Currently, there are 6 (six) non-bank financial institutions that are licenced to carry out financial leasing, which are recently committed to meeting the basic requirements of the Credit Registry. These entities are expected to be included as reporters to the Credit Registry within June 2011.