

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

Funded by U.S. Agency for International Development

**IN-DEPTH MARKET ANALYSIS AND RECOMMENDATIONS
REVIEW OF EOI RESPONDENTS
REVIEW OF LEGAL PROPOSAL
FOR THE ESTABLISHMENT OF CREDIT BUREAU IN JORDAN**

Final Report

**Deliverable for SMI Component
Task No. 3.3.5 – Credit Bureau – In Depth Market Analysis
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EXECUTIVE SUMMARY

The Access to Microfinance and Improved Implementation of Policy Reform (AMIR) activity was designed to assist the private sector and the Government of Jordan to respond to current economic challenges and to respond to USAID/Jordan's strategic objective of "increasing economic opportunity for all Jordanians" through private sector growth.

One of the responses identified to meet this objective, was to determine the need for a Credit Bureau. The most mature Credit Bureaus in the world reside in the United States and Canada. These United States and Canadian Credit Bureaus, which saw their beginnings in the early 1900s, have been the single most important component in the success of the availability of Consumer Credit, to individuals, in both these countries. The availability of Consumer Credit is the engine that drives an economy. In the United States, in 1997, there was over US\$6.5 trillion (4.65 trillion JD) in consumer installment and mortgage debt as well as 1.4 billion credit cards in the hands of American consumers used to make instant purchases of goods and services. The availability of Consumer Credit allows them the ability to purchase goods and services on a huge scale and with relative ease. The success of the US economy is easily traceable to the demand for goods and services generated by the use of consumer credit in the volumes noted above. This large volume of Consumer Credit is defined as 'mass credit' and relies heavily on the demographics of, and experience of consumers in handling their personal credit. Credit Grantors use this information to decide whether or not to extend credit to consumers. This information is contained in Credit Bureau database files with easy access for users. The view is that Jordan, which currently has no Credit Bureau, would receive significant economic benefit from a Credit Bureau in a manner similar to United States but on a smaller scale.

After the Credit Bureau was identified as a possible response to the objectives, preliminary effort and development was commenced with the following results:

- September 1999 - Consensus of Banks and informal creditors that a private Credit Bureau should be established to convey credit and check payment histories. Offerings of the Bureau would be consumer and commercial files and related ancillary services. A collection agency component was also to be a consideration.
- October 1999 – Round table presentation to Bankers and informal creditors gained 'philosophical' support for furnishing the critical information necessary for the success of a Credit Bureau and the need for a review of any legal impediments of the commencement of a Credit Bureau was noted.
- December 1999 – A review of Jordanian law, by Jordanian attorneys, concluded that new and enabling legislation was necessary to allow for the creation of a Credit Bureau as well as for the sharing of consumer credit information between companies that currently store this information and a Credit Bureau. Drafting of a Jordanian legislation began (Jan 2000).
- January 2000 – Request for expressions of interest (EOI) placed in local press requesting responses from individuals and companies interested in participating in the potential establishment of a Credit Bureau. Twenty-eight responses received

SUMMARY OF FINDINGS

For two weeks, together with CDG-AI Jidara Investment Services, numerous potential users and suppliers of credit and demographic information for a Credit Bureau were interviewed. Through an analysis of the results, the following was determined:

- Sufficient information exists, from a variety of sources, which would allow the construction of the database for Credit Bureau operation.
- Greatest interest in, and need for, is the area of consumer credit reports.
- The number of files for the consumer component of the Bureau is conservatively estimated at 400,000. Estimates are for an initial demand of 175,000 consumer file requests per year, from our sample group.
- Number of files for commercial component estimated at 200,000.
- Greater percentage of potential users, in the early going, will provide negative data. Therefore an early on product could be a database offering only Negative Information until 'full file' is available approximately three years down the road.
- Need for a 'Bad Check' clearing service with initial annual demand at 175,000 clearances.
- Need for an 'Insurance policyholder' database clearing service with initial annual demand potential estimated at 160,000 clearances.
- Demand also exists for other products and services that make a Credit Bureau a viable operation. These include a landlord clearance of prospective tenants, Microfinance Institution Borrower Database, Periodic Hard Copy Public Record Bulletin, 'skip tracing' service, database set up for Cellular telephone companies to assist in fraud prevention, employment checks and reference checks, and a collection agency.
- Government cooperation, via action, is needed for the Bureau to succeed.

Analysed and then interviewed select candidates responding to the 'Expression of Interest' placed in local newspaper. Additional candidates emerged during potential user meetings and determined:

- There is significant interest in participating as owner/joint venture from candidates.
- There are other candidates that could/should be sought out for participation given they may not have been aware of the EOI.

Clearly, there is a demand for and need for the establishment of a credit bureau. To that end, the next steps should include:

- Engage technical consultant to evaluate data and determine cost of all phases and components of database development.
- Determine if Credit Bureau can be profitable after database matures.
- Develop business plan to include ProForma, product definition, delivery systems and process and timing of product development.
- Commence tape procurement.
- Set up 'user groups' to assist in planning a schedule for development of a Bureau
- Develop project plan and timelines for Bureau.
- Work with Government agencies for sharing key data.
- Search for additional candidates for ownership participation.
- Have credit suppliers include 'information release' in contracts.

**BACKGROUND INFORMATION ON VARIOUS TASKS UNDERTAKEN AND
CONCLUSIONS REACHED RELATIVE TO THE ESTABLISHMENT OF A CREDIT
BUREAU IN JORDAN.**

1– BUSINESS POTENTIAL

In order to determine the market potential for a database and the demand for products and services that are normally provided by a Credit Bureau, a general survey of questions was developed. Additionally, customized questions for different types of business were drafted to include Banking, Telecommunications and the Insurance Industry. The survey questions, both general and customized, are attached as Exhibit ‘A’. These questions were asked, and answers recorded, on primarily ‘in person’ interviews with a cross-section of companies identified as the best potential users for Credit Bureau products and services. These interviews were conducted by both the Consultant and representatives of the CDG-AI Jidara Investment Services Company.

Some companies were reluctant to share what they consider proprietary information, so a minimum standard was set for information to be obtained during the interviews. The minimum information sought is shown in Exhibit ‘B’.

As part of the interview process, the Consultant met with representatives of the CDG-AI Jidara Survey Company to provide them with an overview of Consumer Credit Around the World to help them better understand the Credit Bureau and the Credit Bureau industry. Consultant then demonstrated for and later monitored staff of the CDG-AI Jidara Investment Services Survey Company in conducting interviews and recording the results of these interviews.

Prospective Credit Bureau Service users included Banks, Retailers, Insurance Companies, Credit Card Issuers, Microfinance Companies and Suppliers to Business.

In our interviews we were unable to answer all questions due to reluctance of interviewees to share proprietary information. The numbers that are quoted throughout this report are based on what we were given by the interviewees. Therefore these numbers are at the low end of the actual numbers. The names of the companies interviewed and the answers to the questions are shown under Exhibit ‘C’. The summaries of each individual interview are presented under Exhibit ‘D’.

The population of Jordan is estimated to be approximately 5 million. Based on our discussions with our marketplace sampling and experience in the credit reporting business, it is anticipated that a Credit Bureau database with a **minimum of 400,000 active consumer files** is a reasonable expectation. What this means is there is sufficient information to form the basis of 400,000 credit files on consumers that would contain both demographic and trade credit information. These files would then be available for members of the Credit Bureau to access and view. This viewing would be for a variety of purposes and would assist the members in making value judgments on the credit worthiness of any of these consumers. A charge is levied to the users of the Bureau who view these files, per file viewed or some other agreed upon structure.

In estimating the number of files, there were several factors assessed, along with experience in past Credit Bureau ventures, that allowed us to arrive at the 400,000 number. The following factors influenced the determination of this conservative figure:

- There are 1.1 million in the Jordanian labour force.
- 385,000 are employed in the Public or Government Sector.
- 700,000 employed in the private sector.
- 900,000 government and private sector employees subject to Social Security.
- West Amman has a population of at least 500,000 people. This area is the most affluent in Jordan. By extension the expectation is these people would have established credit.
- Total 3rd party insurance policies, held by individuals, estimated at 320,000.
- Arab Life Insurance claims to have 250,000 consumer files gathered from their credit insurance product.
- Approximately 200,000 consumer cell phone carriers in Jordan. This number is expected to grow by 200,000 in the Year 2000.
- Arab Bank claims to have 40% of the market with 500,000 customers. They have 50,000 consumer loan customers and by extension the market would be approximately 125,000. In addition, these loans would carry at least 125,000 guarantors and possibly 250,000 guarantors. It is unlikely a guarantor would also have his or her own loan. This would equal between 250,000 and 375,000 qualified credit consumers.
- Jordan Telecom has 567,000 subscribers.
- Our interview sampling determined there were approximately 1,500,000 customer credit accounts (defined as credit accounts extended to consumers by various companies) handled by the interviewed companies. Taking this number and dividing it by the 400,000 credit files means 3.6 credit accounts per consumer. Allowing for a phone and an insurance policy there remain 1.6 other credit accounts per consumer. This number seems reasonable given the restrictive credit practices in Jordan.

In the commercial file area, there would be a minimum of 200,000 commercial files. Exhibit 'E', report from Ministry of Industry and Trade establishes the 200,000 number.

1.A Consumer Credit Reports:

Consumer Credit Reports include demographic information, public record information and credit trade information on individual consumers.

Typical users of the Consumer Credit Report are companies who have been asked to extend credit to consumers for goods and/or services provided by those companies. Large volume users would include Banks, Telecommunication Companies, Insurance Companies, Landlords and Retailers.

We determined that the annual volume of applications for credit, from the companies interviewed, was approximately 175,000. (This would translate to requests for consumer credit file reports totaling this amount.) The number includes 50,000 annual applications from the cell phone company and 50,000 annual applications from Jordan Telecom.

Future assumptions:

- The consensus among banks is that the future is in Retail (Consumer) Credit and all Banks are placing greater emphasis in this area. All agree a Credit Bureau would allow them to become more active and loosen up their restrictive credit practices and add longer terms to loans. This will allow consumers more budget room to make additional credit purchases creating more credit bureau file requests. As a result there will be a significant increase in demand for consumer loans and by extension there will be an equal increase in demand for consumer credit reports that would be requested as part of the investigation to determine if the Bank will grant the requests for consumer loans.
- Retailers state that with less restrictive credit they believe there will be more demand for their products and services resulting in business growth. This will create a greater demand from the manufacturing, create more jobs, generate income for people who fill these new jobs and these workers will spend their income increasing demand for goods and services. These retailers will also require Credit Bureau Services.
- A new affordable cell phone company will go active in September of this year. As a result many consumers will be applying for these cell phones. The Cell company would ideally want to check the credit on the consumers, which will create demand for Consumer Credit Reports.

In summary there is currently significant demand for consumer credit reports. The future indicates the demand will continue to show substantial growth.

1.B Bad Check Database:

The issuance of Bad Checks is a significant problem in Jordan. In 1999, there were over 591,000 bad checks issued. Consumers seem to accept bad checks as a way of life. Current practice is for banks to voluntarily provide to the Bankers Association a listing of all consumers and businesses that issue bad checks. This transmission is not consistent and in many cases is selective in each bank. They seem reluctant to provide information on certain customers or businesses that issue these checks. There are no checks or balances to ensure Banks are complying with this voluntary providing of information to the Banker's Association. The Association then periodically sends a disk of the most recent bad check issuers, as well as those who have paid their Bad Checks, to each of the Banks for those Banks to do with as they see fit. Overall this is a very loosely handled and managed program.

The Central Bank is currently drafting requirements to take over the function of the Banker's Association and develop tighter controls on the reporting of bad checks. Our interviews determined that the initial potential number of annual requests is the same minimum 175,200 applications as noted in Consumer Credit Reports.

In the next section 'Business Strategy' will address how a potential product will be set up within the Bureau.

In summary, there is demand for this product and that demand will grow.

1.C Insurance Policyholder Database:

The Insurance industry has no ability to assess risk on vehicle drivers. They insure the car NOT the driver. As a result, insurance premiums are the same whether an individual is a good driver or a bad driver. In addition, there are instances of consumer fraud in accident claims. The fraud occurs when consumers, who have multiple insurance policies on vehicles, have an accident and then file claims with each company. Furthermore, there is no central database for the Insurance Companies to check to establish driving records or to determine if consumers have multiple policies.

There are currently 320,000 policies outstanding for 3rd party insurance and it is expected that they would have a 50% annual turnover. It is presumed that the Insurance companies would want to determine if there were multiple policies resulting in potentially 160,000 annual inquiries. The total number of policies in the market was established during a meeting with Jerusalem Insurance. Also at the meeting, we determined the need for the an insurance database which would bring some order to the Insurance industry and help their bottom line which is seriously impacted by fraud and by the inability to set higher premiums for poor drivers.

How this product will be set up in the Credit Bureau is described in the 'Business Strategy' section of this report.

In summary, this product is long overdue and the insurance industry is anxious to have it in place. The demand will be strong and it will be utilized.

2-BUSINESS STRATEGY

It is estimated that it would take at least three years to build a database that would deliver acceptable Consumer Credit Reports to the marketplace. The Consumer Credit Report database is being recommended due to the potential large volumes of requests and subsequent opportunities for profitability. In addition, demand is strongest for a Consumer Credit File database. Once the Consumer Credit Report database has been established and marketed, a Business Study should be completed to determine whether a Commercial Report Database or a Collection Agency should be the next product to be implemented.

In the interim, while building the Consumer Credit Report Database, recommend an ‘early product’ strategy to generate revenue and more importantly, validate the reputation of the ‘Credit Bureau’ in the marketplace. The validation of the reputation should not be underestimated. With a new Credit Bureau there will be significant skepticism when you are attempting to market complete Credit Bureau Reports. Businesses/Users will normally provide you an opportunity to prove your claims as to what is contained in the Report. You have ‘one kick at the can’ and if you don’t deliver what you promised, a second chance is only a remote possibility. By establishing a sound reputation on early products, a tolerance is developed to offset this problem, should it occur.

Credibility is critical to survival of a Credit Bureau.

Early Products Could Include:

2 A- Establishment on an Insurance Policyholder Database

Information relative to policyholders could be provided by insurance companies to a central, third party location at the Credit Bureau. Drivers’ records and driver’s License information, obtained from Government sources (see Exhibits ‘F’ and ‘G’) could be added to the base.

Insurance companies are currently unable to check to see if consumers have policies on the same property, filing a claim for an occurrence with both carriers. This database would help eliminate the fraud.

In addition, with the driver’s record information, Insurance companies could recognize their better clients and identify the higher risk clients. They would then be in a position to set premiums based on established driving records.

The Insurance Companies interviewed supported a third party database given they do not share information with other Insurance companies due to the competitive nature of the business.

Subsequent to our determination, we discovered the Jordanian Union for Insurance Companies had planned to establish a similar database. They estimated the cost for the database at 200,000 JD. They are unable to finance the project and are unable to find external financing. (Exhibit ‘H’)

This confirms the product opportunity being proposed and should make this an easier sell to Insurance Companies.

2 B-Creation of a Bad Check Database

In 1999 there were 591,400 Bad Checks in the marketplace. The information on the individuals/companies who issued the Checks is currently shared with the Banker's Association who, in turn, create a disc for member banks to view when assessing a consumer's credit worthiness. This information would be most valuable to assist in setting up a 'Bad Check' clearing service as outlined in the "Business Potential" section of this report. In our interviews with prospective users of this service, there was significant support for the product.

The Central Bank of Jordan plans to set up a 'Clearing House' and run this service parallel to the Banker's Association, however the Association say they will no longer provide the service when the CBJ becomes involved. The Central Bank plans to charge a fee to the Banks for each clearance.

It is proposed that the Bureau takes over this function, making it available not only to Banks, but also Insurance Companies, Retailers, Telecommunications Companies and other interested commercial enterprises who accept Post Dated Checks in their normal course of business.

2 C-Creation of a Negative Database

The Database that should attract the most information, in the early stages, is a negative database. Respondents to our survey indicated a strong interest in participation in this entity from a contributor standpoint. There is sufficient data available to commence this segment led by the 75,000 items currently housed by the Jordan Loan and Guarantee Corporation.

Banks must report their 'loan loss provisions' to the Central Bank. This would have been a good source for the negative database. However, this information is reported only in hard copy and is filed away. It can't be obtained.

Reluctance to initially share positive data is related to competitive fears and a "show me what you have, first, and then I will contribute" attitude.

There is no doubt, from our conversations with potential contributors; this is the strategy that will work best.

For each of the Insurance Database, the Bad Check Database and the Negative Database we should ensure that the 75,000 names gathered by the Jordan Loan and Guarantee Corporation be included. JLGC have accumulated these names over the past five years. The names have negative information attached to them that has been taken from newspapers and other publications that provide information on consumers.

2 D-Create a Periodic Hard Copy Public Record Bulletin

This product is a newsletter that would contain information from ‘Bad Check List’, Public Record, Official Gazette and other items as requested by prospective users.

Our interviews determined there was definite interest in this type of service. Users could refer to the Bulletin when they have applications on individuals or have requests to accept post dated Checks. This allows them to check Bulletin information to see if the consumer is listed. They would keep past copies for future reference. The Bulletin could be published on a quarterly or monthly basis and would be sold by subscription.

2 E-Other Potential Early Products

Other potential early services include ‘skip tracing’ service, database set up for Cellular telephone companies to assist in fraud prevention, employment checks and reference checks. Setting up a database for Landlords to report tenants who are behind in their rent or damaged rented premises, setting up a database for Internet Service Providers similar to Cellular telephone companies and building a database specifically to service the Microfinance Institutions.

In summary, these products can be implemented in various stages through the process of building a Consumer Credit Report Database.

3-DATA POTENTIAL IN THE MARKETPLACE

There is significant trade information that could be made available for a Credit Bureau to be used to create Consumer Credit Reports. Much of the information is fragmented, lacks historical content relative to paying habits and is inconsistent. The key 'file locator' component is the National ID number and the penetration of this number in trade information is low.

Determination was made that several Government sources have information that would provide an excellent foundation for the commencement of building the Bureau. This includes information from the Department of Motor Vehicles, Driver's Licensing Department, Ministry of Industry and Trade, Public Security Directorate, Ministry of the Interior-Civil Services Department, Social Security Corporation and Postal Savings Fund. In all cases the information is said to be quite explicit, easily available (relative to automated transmission) many use the National ID number.

In building the foundation of a Credit Bureau the above information is critical to ensure that foundation is sound and allows for the addition of credit information.

Government approval is necessary to obtain this information!

Information on these sources is summarized below and are expanded in the Exhibits, as noted:

Exhibit 'E' – Ministry of Industry and Trade – Electronic database of 200,000 sole proprietorship companies and 70,000 companies with more than one partner. Excellent data to commence building a commercial database. Future addition to this information would be from the Statistics Department who is in process of updating MIT info (Exhibit 'I').

Exhibit 'F' – Department of Motor Vehicles – Contains information relative to consumers' accident and driving violation experience. This information would be extremely useful in the proposed 'Insurance Policyholder Database'.

Exhibit 'G' – Drivers' Licensing Dept. – Electronic database of individuals licensed to drive for the past 5 years. High concentration of National ID numbers. Excellent 'tie-in' to Exhibit 'F'.

Exhibit 'J' – Public Security Directorate – Electronic database for public security, police criminal investigations and criminal records. Ties into Exhibits 'F' and 'G'.

Exhibit 'K' – Civil Services Department – Contains the single most important element of the Credit Bureau and that is the 'National ID' number. Has 5 million of these numbers that are in an electronic database. Doubles as the voter's list. All Jordanians, regardless of age, are included.

Exhibit 'L' – Social Security Corporation – Has 900,000 files on public and private sector workers who have unique social security numbers. This number could be a backup to the 'National ID' number.

Exhibit 'M' – Postal Savings Fund – Eight-year-old electronic database going back 8 years. Have 200,000 accounts with 120,000 active. 30-40% has National ID #. Includes loans and deposit accounts.

Exhibit 'N' – Research and Studies Department – Electronic Database of non-Jordanian labor force who has legally entered country.

The Jordan Loan and Guarantee Corporation (JLGC) has a database of 75,000 names they have clipped from local newspapers over the past 5 years. They were clipped when something relative to the consumer's character was reported. This JLGC number is included in the total consumer accounts. The JLGC have committed to providing their data to the Bureau and would recommend adding their information in the early stages of the data building process.

In addition to the above, the Islamic Hospital had a database of 750,000 individuals who have used their services. The Hospital is unsure if it can share its information and therefore, this number was not included in the estimate.

Additionally, over 40 businesses that could use the Bureau's services and/or provide information for the Credit Bureau were interviewed. Most of the companies interviewed are willing to provide their information in one form or another.

The Chart attached as Appendix 'C' represents the contacts made with the cross-section of prospective Credit Bureau users and information providers. It contains the following information relative to credit information that could be used in the proposed Credit Bureau.

The number of consumer and credit card accounts totaled nearly 1,500,000. Some or all of the information regarding these accounts would be shared (subject to approvals and clarification of Bank's ability to share). Where only some of the information would be shared, it would be negative information. In other words, if a consumer has an account in good standing, that information would not be provided at this point.

The number of commercial accounts totaled 13,250 and the information on 12,740 accounts would be shared (subject to approvals similar to consumer accounts). There will be some duplication given consumers and businesses could be dealing with more than one entity. The Chart shows who did and did not respond to the various questions.

Several of the Banks and some businesses refused to provide information relative to the size of their databases. The above numbers represent those who did answer our questions. It was suggested the Central Bank would have the missing Bank information. We did check the Bank's Annual Report and most recent Monthly report and found the Bank only reports activity in 'JD' and not in unit numbers of consumer or business loans, which are necessary for our calculations.

Both Banks and Retail Enterprises raised questions as to the legality of sharing information. The views were varied and highlight the need for legislation to cover this area.

In summary, as we discuss the Credit Bureau and the information required to place in the database, it is apparent the Government, through the Central Bank, need to show their support and exercise whatever influence they have at their disposal to assist in the gathering of the information identified for the purpose of building a Consumer Credit Report Database. This support is important in word, and more importantly in 'deed'. The Government can generate the information under their control and encourage the sharing of information from the private sector. The information must be obtained to make this project work.

In the information area, what has to occur next is to take a specific look at the available information as to format, language and other issues that relate to data capture and transmission. In addition, a program of obtaining contractual approval from potential suppliers should be developed.

4-MISCELLANEOUS ITEMS AND OBSERVATIONS

- Name 'Jordan Credit Bureau' has a positive and significant value in marketplace. Recommend that this name be registered , as soon as possible, before another enterprise takes the same action.
- Amman Chamber of Commerce has record of all trading companies that were ever registered in Amman (See Exhibit 'O'). This information could be used as one of the 'building blocks' of a commercial database when the Credit Bureau proceeds to building that Commercial File Database.
- Should set up 'User Groups', especially in the Banking area, of decision-makers who would provide input on the 'how to' and 'achievement' of success on identified action items that will map out the creation of a Credit Bureau.
- Clarify if Banks will or will not be involved in any kind of ownership position in the entity.
- When Automated Banking Machines (ABMs) are fully deployed in marketplace, the 'Empty envelope deposit' phenomenon will occur. This occurs when a consumer, with little or no funds in his/her bank account, deposits an envelope and declares there is a certain amount in it when the envelope is really empty. They then withdraw the same amount, which amounts to at least misrepresentation and possibly fraud. This action would create an opportunity for further information gathering of this type of event, if Banks provide the details of potential fraud. In addition, Banks will have to consider if they wish to use a Consumer Credit Report before they issue the Debit Cards that allow ABM access.
- Restrictive lending practices are stifling the economy. With a Credit Bureau there will be fewer guarantors tied to someone else's loan as they will be able to borrow for themselves. Terms of loans will be extended meaning more discretionary income will be available to make purchases of goods and services, perhaps with credit. The limits on the amount a consumer can borrow will be raised. All of these changes will have a very positive effect on the economy.
- As soon as possible, all potential users of the Credit Bureau should be encouraged to promptly embark on including 'consumer data releases' on any and all applications, whether it be for loans, deposits, etc. Consumers should sign and expressly agree to the sharing of their data. For those who already have outstanding credit, a 'negative option' letter should be considered. This would allow 'opt out' of sharing of data. Historically, with a proper explanation included with the 'negative option' letter, the acceptance rate is high.
- It must be determined whether the Credit Reports will be presented in English or Arabic or both?
- The Credit Bureau will need strong local involvement in management/ownership with someone who is 'plugged in' and has expertise to develop 'workarounds' and is significantly 'networked' to ensure momentum is maintained.

- Since economic growth started to fall in 1996, Banks have had trouble profiting in the commercial market and have now focused on the retail market, which means stronger support for Credit Bureau. They will not be able to achieve the type of success they are seeking in the consumer field using their current lending practices. This information came from the Banks.
- Retail sector currently provides some form of credit facility for consumers, however it is restricted because they do not have credit information available. They extend credit based on reputation of the consumer and any past dealings. The Bureau, by making credit information available to them, will allow them to extend more credit thus increasing sales. Retailers previously used Banks as factoring agents, however discounts are too high and all contracts were on recourse to the retailer. Retailers backed away from this situation because they lost money.
- Banks rarely exchange information due to competitive nature of industry.
- Microfinance Institutions (MFI's) are an integral component of the economic initiatives taken by USAID, through AMIR. The MFI's are eager to provide their data to the Consumer Credit Bureau and need the ability to 'clear' or 'check' other MFI's to determine if an applicant has or has had loan experience with any MFI's. The answer to their need is to have MFI's share their loan information, past and present, as part of the Negative Database or as a stand alone product. Programmers would then set the system to restrict access of this loan information, exclusively to the MFI's.
- Potential is available to create a Collection Agency as an arm of the Credit Bureau. Current law provides that a Collection Agency in Jordan can only be run by an Attorney. An Attorney could be hired to run a Credit Bureau Collection Agency or given the opportunity for an equity investment in a Collection Agency arm of the Credit Bureau resulting in this being added as a product of the Credit Bureau. If this is possible it would occur after the Consumer File has been fully developed in the Credit Bureau. Would estimate the Collection Agency component could be developed in the fifth year of the Credit Bureau's operation.

5-LEGAL ISSUES

Conducted review of Dr. Al-Bahir's evaluation of current laws related to data and personal information. Reviewed two draft proposals for legislation. My concern is the size of the proposed legislation is too large.

There were mixed messages in the marketplace relative to the need for legislation. Several Banks indicated they would be unable to share data outside the Banking environment without tacit approval of the Central Bank and legislation. Some others weren't so sure. On this basis it is clear some legislation needs to be in place to address the issue.

Agreed that Banks, as well as other potential users, should be encouraged to quickly develop a clause in their contracts/applications that allows them to share a consumer's credit information with a Credit Bureau. The clause should also allow the entity to check on the consumer's credit through the Credit Bureau. A sample release is attached as Exhibit 'P'.

The legislation should have a process identified as to how consumers can view their files. It should contain remedies for consumers to resolve errors on their respective files. The area dealing with consumers should make the process, for the consumer, a simple one.

6-EVALUATION OF EOI RESPONDENTS

An advertisement was placed in local newspaper, in January 2000, requesting interested parties respond if they wished to participate in a Credit Bureau. The advertisement is Exhibit 'Q'.

There were 28 respondents. 8 were selected as having potential. Of the 8, 7 were interviewed. The 8th respondent, Arab Credit Services, a new operation purporting to be a Credit Bureau, views us as competition and rebuffed all attempts to meet with them. They are partially owned by Arab Insurance with whom we did meet. They have developed algorithms, based on demographic information, which purports to predict the risk of a consumer in repaying a loan. The potential flaw is they have no credit information on which to base this prediction. History has shown the credit information component is the single most important factor in the success of the Credit Bureau approach. They are, what is called in the trade, 'profiling' without benefit of credit tradelines. This is potentially dangerous, and inadvisable from a credit grantor standpoint, approach to take to credit granting. The Bureau's role is to provide the Consumer Credit Information to the requestor and they make the credit decisions as opposed to Arab Credit Services who would make the decision.

Of the remaining 7 interviewed, 2 were identified as excellent prospects and we added two additional prospects after they expressed interest during 'prospect calls'. There was one respondent who was identified as a potential 'Project Leader'. Interview notes are part of the background as well as the original 'EOI'. Summary of interviews is subjective in nature and it therefore retained on file at the AMIR offices. The Evaluation Criteria are attached as Exhibit 'R'.

There are probably other potential investors who may not have seen or been aware of the EOI. During the next phase of development, an attempt should be made to cultivate them.

To be a successful ownership participant, it was determined the individual or company must be 'plugged in' or be 'well networked' to the local business community. As the Credit Bureau is being built there will be obstacles along the way that will have to be dealt with, businessman to businessman, so time is not lost due to red tape.

EXHIBIT 'A' (Page 1)

SURVEY OF POTENTIAL CREDIT BUREAU MEMBERS

This draft 'survey' proposal is made without knowledge of local customs that may or may not be acceptable when conducting an interview of this sort.

Preamble of survey will include an explanation of the definition of a Credit Bureau, some ideas on how it would function, source of data that is part of bureau and benefits of bureau from an economic viewpoint generally and specifically how it would help the prospect to generate more business at lower cost, increased efficiency, broaden customer base and increase profit.

Ask if they mind you asking a few questions and making notes of their answers.

The following questions would obviously become part of a conversation as opposed to a direct Q and A.

- 1- Do you currently extend any type of terms to consumers who purchase your products or use your services? Terms would be any type of arrangement that defers or delays the immediate payment for goods or services. This would apply to terms for payment of money for a good or service, payments for phone service, payments for rent, payments for insurance premiums etc.
- 2- If the answer to '1' is 'yes', then on what basis do you agree to these terms? Is it based on what the individual is wearing, what the individual says or what you know of the individual etc?
- 3- If it is based on what he knows of the individual how does he obtain the information
- 4- How long does it take to obtain the information?
- 5- How difficult is it to obtain the information?
- 6- Is the information generally accurate?
- 7- How does he know about the accuracy of the information?
- 8- Is he comfortable with the process he follows?
- 9- How does he keep track of the information he has?
- 10- Does he keep hard copy or computerized data on the information obtained?
- 11- Does he have hard copy or computerized data on the account on which he has extended terms?

EXHIBIT 'A' (Page 2)

- 12- How does he keep track of the currency/recency of the account?
- 13- What types of terms are extended?
- 14- What happens when the terms are not met or are in default?
- 15- How does he know when the terms are overdue?
- 16- What would you say if we showed you a way where we could streamline the information gathering process?
- 17- A-If the reaction is positive, ask how he would feel about sharing the data in a repository?
B-If the reaction is negative, what are the reasons?
- 18- What would he see as the downside of sharing information in the repository, given other bureau members would be authorized to look at that data?
- 19- If someone were in default of an account with another business, would he like to know? If not, why not?
- 20- Would this knowledge impact on his decision to extend credit?
- 21- If he was better informed on the borrowing habits of his customers would he feel he could extend more credit to more customers? If not, why not?
- 22- Does he understand that in answering yes to #20 that would generate more sales and as a result more profit?
- 23- Does he have any accounts that are not paying and he does not know where they are?
- 24- If yes to #22 does he have a source to locate or would he like to have a repository to check, if that repository included recent demographic and credit information on the delinquent customer?
- 25- If yes to #20 what does he feel a 'file' on that customer, outlining the credit experience other retailers have had with his customer, is worth monetarily?
- 26- Does he understand that if there was a repository to check would help reduce his risk in extending credit?
- 27- Does he currently share information with other creditors who might call for a reference?
- 28- How does he feel overall given your conversational questions? Would he like to see the results of your survey and hear more?

EXHIBIT 'A' (Page 3)

Questions that would apply to specific businesses relative to the need to extend some type or credit as defined in #1. It would be explained the following data would be confidential and not open to sharing with other entities. It would be for research only for the project.

- 1- How many requests would you receive for credit in a month, on average?
- 2- How many of these requests would you agree to, regardless of terms?

- 3- What would be the specific acceptances of these requests by numbers? (eg. Might accept 10 of 30 on the signature of the individual only. Might accept 5 of 30 on signature and postdated Checks etc.).
- 4- What would he like to know about the individual if he could see a 'snapshot'/?
- 5- Does he think he could approve some of his declines if he had more specific information?
- 6- What % of his credit accounts becomes delinquent?
- 7- What is the average dollar amount of credit extended?
- 8- How many accounts does he currently have that are active?
- 9- How many accounts does he currently have that have been paid?
- 10- What record does he keep of #9 so that if that customer reapplies he will have previous credit history?
- 11- Are there any accounts in #9 that he would not extend credit to? If so, what would be percentage?
- 12- Would he be more comfortable if another company took responsibility for the credit (factoring)?

Specific to telecommunication companies

- 1- Do you have instances of delinquencies?
- 2- If so, are you able to collect the monies?
- 3- What would be your annual dollar write-offs?
- 4- Are you concerned about fraud?
- 5- Do you have a way to check new customers against a 'non-desirable for credit' database?
- 6- Would you like another source to help you collect your write-off accounts?

Specific for Property Managers and Landlords

- 1-Do you have tenants who have problems paying rent?
- 2-If so, how do you handle them?
- 3-Would you like to have a database where all landlords could share their experience, both good and bad, with other landlords?
- 4-Would you like to know if another landlord had a bad experience with a prospective tenant?

EXHIBIT 'A' (Page 4)

Specific for Insurance companies

- 1- Have you had the experience of someone filing a claim with two different insurance companies for the same event, given they might have two policies?
- 2- If yes, is this an industry problem?
- 3- If yes, is there a database where this information is stored and could be accessed with new insurance policies and with claims?
- 4- Would you be comfortable sharing your information for a database of this nature?
- 5- If so, what type of data would you be prepared to share?

EXHIBIT 'B'

MINIMUM DATA EXPECTATIONS FROM CALLS TO POTENTIAL CLIENTS

Name of company and type of business

Name and title of person interviewed

Do they understand and support CB concept?

If extend any type of credit:

Credit extension policy

Current # of accounts (loans and credit cards, separately)

JD volume of accounts o/s (as above)

Write off % (as above)

of credit applications (specify time period)

% approved

What problems do they have with any NSF Checks?

Quality of data: - is National ID number part of data?

- *what other data do they keep in the file?*
- *Is data manual or automated?*
- *any historical?*
- *Will they agree to share data with CB?*

What other services are they looking for relative to cash/credit in their business?

Any other info.

EXHIBIT 'C'

LEGEND

The headings, from left to right on the matrix represent the following:

Name of Company– Is the name of the company interviewed.

Type of Business – Reflects the type of business conducted by the company.

Clients – Represents whether the company conducts its activity with 'C' for consumers; 'B' for commercial business; 'ND' for Not Disclosed

Accounts/ Types - The number represents the accounts they have in their databases under 'CL' – Consumer Loans; 'CC' – Credit Cards issued; 'BL' – Business Loans; 'O' for other; for #, type, or both.

Apps /Yr. – Number of applications processed annually for the noted accounts. 'C' for commercial loan applications; 'B' for business loan applications; 'O' for other services; 'ND' Not Disclosed for #, type, or both; 'N/A' - Not Applicable..

% Loan Appvl.- Asks the question 'What is your approval % of loan applications?' 'ND' - Not Disclosed; N/A- Not Applicable.

Bad Debt %- Asks the question, 'What percentage of your portfolio do you write off annually'

Data Available YN/ ND- Answers the question 'Is your data stored electronically and can it be retrieved?'

Credit Histories Y/N/ ND-Answers the question 'Do you have historical credit history?'

Share Histories Y/N/ ND- Asks the question 'Would you share your data with the Credit Bureau?'

Use NSF Y/N/ ND– Ask the question 'Would you use a database that contains NSF history?'

National ID# Y/N/ ND– Asks the question 'Do you capture the National ID# in your database?'

Ref # - Represents the number assigned to the company interviewed. The number is attached to the call report that is retained at the AMIR offices. The call report is a meeting summary.

Notes:

- (1) If an interviewee did not know the answer, a question mark is shown.**
- (2) Part owner of Arab Credit Services- Possible Competitor.**
- (3) Internet Service Provider Industry has 6000 applications per year.**
- (4) Has 8-year list of bad checks.**

EXHIBIT "C"

Name of Company (See Exhibit C- Legend for explanations)	Type of Business	Clients C/B	# Accounts /Types CL/CC/BL	# Apps/YR	% Loan Appvl. % or ND	Bad Debt %	Data Available Y/N/ND	Credit Histories Y/N/ND	Share Histories Y/N/ND	Use NSF Y/N/N D	National ID # Y/N/ND
Jerusalem INS	Ins.	C	20,000(O)	20,000	98		Y	ND	Y	Y	N
Arab Life INS (Note 2)	Ins.	C	250,000(O)	ND	ND		ND	ND	N	ND	N
Bank of Jordan	Bank	C	7000(CC)	6,000	ND		Y	Y	Y	Y	Y
Global One (Note 3)	ISP	C	6400(O)	3600	N/A	6	Y	Y	Y	Y	Y
JWICO	Retail	C	50,000(O)	5000	ND	high	Y	Y	Y	Y	N
JLGC	Bank guar.	B	2700 (BL) 75,000(O)	2000	ND	4	Y	Y	Y	ND	N
Cairo Amman Bank	Bank	C	10,000 (CC)		ND		Y	Y	Y	Y	Y
Jordan National Bank	Bank	C	20,000 (CL) 8000 (CC)	8000	65 ND		Y Y	N Y	Y Y	Y Y	N N
Philadelphia Investment Bank	Bank	C	250 (CC) 600 (CL)	600 1400	60 60		Y Y	Y Y	Y Y	Y Y	N N
Wathba Investment Co.	Wholesale	B	200 (BL)	200	ND		ND	ND	ND	Y	N
MFW	Microfinance	C	22000(BL)	12,320	ND	0	Y	Y	Y	ND	Y
AMC	Microfinance	B	130(BL)	1,000	ND	0	Y	Y	Y	Y	Y
JMCC	Microfinance	B	500(BL)	2139	ND	0	Y	Y	Y	Y	Y
CHF	Microfinance	B	4500(BL)	5,000	ND	0	Y	Y	Y	Y	Y
Commercial Steel Sheets and Coils	Wholesale	B	50(O)	N/A	N/A		Y	N	N	Y	Y
Gen'l Car Trading & Spare Parts (Note 4)	Auto	C	2000(O)	1000	ND		Y	N	N	Y	Y
Union Marketing Group	Distributor	B	300(O)	N/A	N/A	4	Y	Y	Y	Y	N
Khoury Co.	Wholesale	B	1500(O)	N/A	N/A	1	Y	Y	ND	Y	N
Fastlink	Cellular	C	200,000(O)	200,000	N/A	5	Y	Y	?	Y	Y

Name of Company (See Exhibit C- Legend for explanations)	Type of Business	Clients C/B	# Accounts /Types CL/CC/BL	# Apps/YR	% Loan Appvl. % or ND	Bad Debt %	Data Available Y/N/ND	Credit Histories Y/N/ND	Share Histories Y/N/ND	Use NSF Y/N/N D	National ID # Y/N/ND
Citibank	Bank	B	N/D	N/D	ND		Y	Y	?	?	N
CJC	Wholesale	B	200(O)	N/A	N/A	.5	Y	Y	Y	ND	N
Export & Finance Bank	Bank	B	60 (CL) JD 76 mil. (BL)	(ND)	ND	0	Y	Y	Y	ND	Y
The Housing Bank	Bank	C	(ND)	(ND)	90		Y	Y	?	ND	N
Computer & Engineering Bureau	IT	B	200(O)	(ND)	100	0	Y	Y	Y	?	ND
Industrial Development Bank	Bank	B	JD 142 mil. (BL)	200	ND	13	Y	Y	Y	Y	N
Baalbaki Co.	Wholesale	B	8000(O)	N/A	N/A	(prior) 15	N	N	N	N	N
Ghousain Establishment	Retail	C	JD 1.2 mil (O)	1000	N/A	2	N	N	N	ND	N
Arab Bank	Bank	C	50,000(CL)	10,000	?		Y	?	Y	Y	Y
Al Nisr-AlArab Insurance Co.	Insurance	C & B	(ND)	8,000	N/A		ND	ND	N	N	ND
Jordan Kuwait Bank	Bank	C	11,000(CL)	(ND)	70	9	Y	Y	?	Y	Y
		B	1,000(BL)	(ND)	ND		Y	Y	?	Y	Y
Jordan Telecom	Phone Co.	C	567,000(O)	50,000	100	high	N	N	Y	Y	N
Seasons	Ret.&Whlse.	C & B	460(O)	(ND)	57		N	N	N	Y	?
Arab Jordan Investment Bank	Bank	C & B	(CL/BL)	1000	82	JD 259k	ND	ND	N	Y	ND
		C	1914 (CC)	500	ND						
HSBC	Bank	C	6500 (CC)	540	ND		Y	Y	Y	Y	Y
Agriculture and Credit Corp.	Govt. Lender	C	59000(BL)	10,000	95		Y	Y	?	?	Y
Islamic Hospital	Hospital	C	?	N/A	N/A		Y	ND	ND	ND	ND
General Advertising	Advertiser	B	500(O)	N/A	N/A	3	Y	ND	Y	ND	N
MABCO-Orbit	TV Cable Co.	C	(ND)	N/A	N/A		ND	ND	N	ND	ND
Shubeilat Badran Associates, SBA	Consult Eng.	B	(O)	100	ND		N	ND	ND	N	N
Lema Co. - Water Authority	Water Co.	C	297,000(O)	N/A	N/A		Y	Y	Y	ND	N
National Express	Cr. Card Co.	C	20,000(CC)	1,000	ND		Y	Y	Y	Y	Y

EXHIBIT 'D'

**SUMMARY OF INDIVIDUAL INTERVIEWS WITH VARIOUS BUSINESSES CONTACTED
WHO COULD USE THE SERVICES OF A CREDIT BUREAU AND/OR PROVIDE DATA
FOR THE BUREAU.**

Each interview is numbered and corresponds with the number shown on the right hand column of the Grid – Appendix 'L'.

Due to the sheer volume of reports, they have not been included in this report but have been retained at the AMIR offices.

EXHIBIT 'E'

Monday, April 10th, 2000
Ministry of Industry and Trade (MIT)
Waleed El Qdah
Head of Internal Supervision Section
Companies' Supervision Department
Tel.: 5607 191
Atef Hamdan
Computer Department
Tel.: 5607 642 – 079 592 686

- MIT has a database, Oracle. They also keep records in hard copy. Data goes back to 30 years ago.
- At the time of registration, the following data regarding companies is provided: name of company, type, partners information, sector, activities, capital, location, number of establishment based on the governorate (establishment is for one individual) or the number of company based on type of company (company is owned by more than one partner), and individuals authorized to sign. Partners information includes name, share in the company, date of birth, address, telephone, nationality, national ID number for Jordanians (not for all of their files, about 50%, working on entering the rest. National ID number became compulsory in 1997 based on instruction of Prime Ministry), passport number for non-Jordanians.
- Data is not very accurate, especially information entered before the year 1995.
- MIT has data records in its database for about 200,000 establishment (one owner). MIT also has records in its database for about 70,000 company (more than one partner) with about 250,000 partner. Partners of public shareholding companies / traded in Amman Bourse are not available because data changes on daily basis.
- Recently, MIT has database for bankrupt companies. Source of data is the court decisions.
- In order for them to provide the credit bureau with their database, they would need to have an official request from an official / government body addressed to the Minister of Industry and Trade.

EXHIBIT 'F'

Monday, April 10th, 2000
Department of Motor Vehicles
Mr. Awad Mohammad Awad
Computer Department Tel.: 489 63 91

- The Department of Motor Vehicles is under the Public Security Directorate.
- They have a database for accidents and tickets. It's electronic. It goes back to seven years. They keep hard copies of all data for five years only, to include the official police record and drawing of accidents.
- Information related to accident and or tickets include driver/ car license number, name, number of tickets, and number of accidents. Detailed information and drawings regarding accidents are available in hard copies only. They do not have / or do not have access to national ID numbers within their database.
- The data cannot be shared with anyone without the permission of the Director General of the Public Security Directorate based upon an official request from an official / government body.

EXHIBIT 'G'

Monday, April 10th, 2000
Drivers Licensing Department
Mr. Sameh Saleh
Computer Department
Tel.: 4891 635 / 4

- The Drivers' Licensing Department is under the Public Security Directorate.
- They have a database. It's electronic. It goes back to five years. It has information about drivers and about cars. It does not have, or they do not have access to, information related to tickets and or accidents.
- Information related to drivers includes: name, street address, telephone number, mother's name, date of birth, sex, blood type (not all files), and the national ID number. Like in most cases, the national ID number is not available for all files, because they started recently requiring this data and entering it to the system. However, the percentage of available national ID numbers is high.
- The data cannot be shared with anyone without the permission of the Director General of the Public Security Directorate based upon an official request from an official / government body.

EXHIBIT 'H'

Wednesday, April 19th, 2000
Ms. Ahlam Aziz
Insurance Specialist
The Jordanian Union for Insurance Companies
Tel. 5689 266

AND,
Thursday April 20th, 2000
Ms Hiam Hreish
Financial Manager
Delta Insurance Company / Member of the Union
Tel. 464 0008

- Ms. Aziz confirmed the Union is planning to establish a database to include information on car accidents and double insurance, among other things.
- The Union is planning to get the information from the insurance companies in Jordan, and not the Department of Motor Vehicles / Public Security Directorate. So, the information would be limited to the insured cars only.
- The Union did not decide yet on the type of information to be included in the database.
- Decision to establish this database has been made about one year ago. However, Ms. Aziz believes that it will not materialize in the short term.
- Ms. Hreish confirmed that the Union would not go for this project in the short term, if ever. This is primarily due to financial reasons. The Union estimates the cost of establishing such database at about JD 200,000. Presently, the Union cannot finance this project by itself, and was not able to find external financing for it.

EXHIBIT 'I'

Thursday, 6th April, 2000
Mr. Said Al-Sharif
Statistics Department
Tel. 462 4313

- Mr. Al-Sharif was interviewed regarding the Enterprise Survey, completed by the Statistics Dept. The data was collected in October 1999, but the final report has not yet been released.
- One of the main objectives of such a survey was to eventually assign each enterprise a number.
- For the purposes of this survey, the Kingdom was divided into areas and then blocks, and a questionnaire was administered in these areas.
- Among the issues investigated through this questionnaire are:
 - Company's exact street address/ location
 - Is the company's management located on-site? If not what is that address?
 - Trade license registration number (from Ministry of Industry and Trade)
 - Legal status
 - Number of employees
 - Nature of work
 - Capital
 - Nationality
 - Private or public?
- Cooperation between a number of institutions like Greater Amman Municipality and the Ministry of Industry and Trade among others will determine whether or not it will be possible to assign national numbers to enterprises. Presently, no numbers were assigned to surveyed enterprises.

EXHIBIT 'J'

Sunday, April 9th, 2000
Public Security Directorate
Nabeel Sharaf
Head of Computer Department
Tel.: 5685 111

- All data is considered as classified and confidential. Cannot give any information without an official letter from AMIR addressed to the Director of the Public Security Directorate.
- Through unofficial sources, we were able to get the following information:
 - ◀ The Public Security Directorate has a database for public security / police / criminal investigation, the Department of Motor Vehicles, and the Drivers Licensing Departments. All three departments are under the Public Security Directorate.
 - ◀ Data is electronic.
 - ◀ The data includes the name, the mother's name, national ID number, blood type, postal address, street address, owned cars, plate number of cars, finger prints, criminal records (police and intelligence departments).
- Will try to verify the above information from other sources.

EXHIBIT 'K'

Monday, April 10th, 2000
Ministry of Interior
Civil Services Department
Mr. Issam Shawaqfeh
Head of Computer Department
Tel.: 464 44 92 / 3

- They have a database, Oracle.
- Information available within database includes among others: name (four sections), national ID number, place and date of birth, sex, religion, mother's name, address.
- There are records for five million Jordanians with national ID numbers, i. e. holders of civil services ID card and family books. Not all passport holders have national ID numbers.
- Basic / limited information can be provided through an official request from any public / private body. The whole database would be shared with the credit bureau upon an official request from an official / government body, with the approval of the Minister of Interior.
- The Civil Services Department / Ministry of Interior is the responsible body for providing / issuing the voters' list. The voters' list is the same as the initial database with the national ID number holders, however, only those who are eighteen years and older are eligible for voting.

EXHIBIT 'L'

Sunday, April 16th, 2000
Social Security Corporation
Ms. Fawziah Jad
Head of Computer Department
Tel.: 464 3000 / 464 3006 / 464 3018

- The Social Security Corporation has two different databases, Oracle, one for the employees in Jordan and the other for the enterprises.
- The employees database has about 900,000 files of public and private sector employees subject to the social security. All employees subject to social security are given a unique social security number.
- Information entered to the system, for the employees database, includes the social security number, name, date of birth, salary, date of subscription to the Social Security Corporation, enterprise he / she is working for, and the national ID number. National ID number is not available to all 900,000 files, as it has been a requirement by the Government of Jordan in 1997. No telephone numbers. No postal or street addresses.
- The information within the enterprise database includes the name of the company, activity, registration date, date of subscription to the Social Security Corporation, and telephone number.
- In order for them to provide the credit bureau with their database, or any further detailed information, they would need to have an official request from an official / government body addressed to the Director General of the Social Security Corporation.

EXHIBIT 'M'

Sunday, April 9th, 2000
Postal Savings Fund
Omar El Hmoud
Computer Department
Tel.: 585 0801

- The Postal Savings Fund has a database, Informix. The operating system is Unix.
- The database was automated about eight years ago. The data goes back to eight years.
- The Postal Savings Fund has in its database over 200,000 accounts / files, of which, about 120,000 accounts are active. Active accounts are those with savings of ten JDs or more.
- The information available in the database is the name, date of birth, occupation, postal address, place of residence (area), telephone number, and the national ID number. However, data related to the national ID number is not available / entered to all accounts because they started doing so two – three years ago. About 30 – 40% of accounts / files (rough estimate) have the national ID number. Previously, they used to ask for an ID card or passport or family book when a customer first opens an account. Presently, they have to have the national ID number entered to the system.
- The Postal Savings Fund used to extend credit to 1. Government employees / advances, and 2. Students / education loans. They stopped offering this service about one year ago. They did not / still do not face any problems in the repayments of the loans / advances. This is mainly because they ask for two guarantors from the same department of the government employee, and for mortgaging real estate for the education loans. Write off percentage is very low, less than one percent.
- In order for them to provide the credit bureau with their database, they would need to have an official request from an official / government body. Final decision making is for the Director General of the Postal Savings Fund.
- As part of its privatization program, the Government of Jordan is considering the privatization of the Post and Telecommunication Ministry, and the liquidation of the Postal Savings Fund. Final decision is not made yet.

EXHIBIT 'N'

Tuesday, 11th April 2000
Ministry of Labor
Mr. Mazen Odeh Nasser
Research & Studies Department
Tel. 569 8186 / 7

- An electronic database is available for the non-Jordanian labor force that had “legally” entered Jordan. Data is not comprehensive as a large number of Egyptians and Syrians (do not entry visa and therefore do not have residency permits) are working in Jordan illegally.
- The following information is available within the above mentioned database:
 - Name
 - Nationality
 - Passport number
 - Date of birth
 - Education level
 - Employer
 - Type of work
 - Marital Status
 - Date of entry to Jordan
- The Ministry of Labor does not have a database for Jordanian labor force, no names of employees are available at all.
- Respondent recommended that such information would be available at the Social Security Corporation.
- If more information on this database is required, and to share the database, an official letter, addressed to the Minister of Labor, must be sent out.

EXHIBIT 'O'

Tuesday, 11th April 2000
Amman Chamber of Commerce
Mr. Crecor Agemian
Computer Department
Tel. 5666 151

- An electronic database is available, with a record of **all** trading companies that were ever registered in **Amman**. This database is a UF0S, in COBOL language.

- For every company, the following information is available:
 - Company's name
 - Postal and street address
 - Fax number
 - Telephone number
 - Date of establishment
 - Subscription renewal
 - Nature of work
 - Capital
 - Partners' names and nationalities
 - Names of individuals authorized to sign
 - Trade license registration number (issued by Ministry of Industry and Trade) and date
 - Chamber Membership number

- This information, however, is not updated so telephone numbers, names of partners, etc. may not be accurate in such records.

- If more information on this database is required, and to share the database, an official letter, addressed to the Chamber of commerce's General Manager, must be sent out.

EXHIBIT ‘P’

Sample release to be contained in applications for credit or any other financial transaction.

‘The undersigned consents to the obtaining of credit and/or personal information as may be required at any time in connection with the credit or financial transaction hereby applied for or any renewal or extension thereof and to the disclosure of any credit information concerning the undersigned to any credit reporting agency or to any person with whom the undersigned has or proposes to have financial relations.’

Date _____

Signed _____

EXHIBIT 'Q'

EXPRESSION OF INTEREST

The USAID-funded Access to Microfinance & Improved Implementation of Policy Reform (AMIR) program requests expressions of interest from firms and individuals interested in establishing and operating a privately-owned and managed national credit information bureau. The purpose of the bureau would be to evaluate the credit standing of a broad range of potential borrowers and other financial services clients in Jordan.

The AMIR program has completed preliminary surveys and is engaged in market demand and feasibility studies that may result in a competitive request for proposals process from qualified entities.

If you are interested in possible participation in the project, please submit to Credit Bureau Specialist, AMIR Program, 66 Abdul Hameed Badees Street, Shmeisani, P.O. Box 940503, Amman 11194 Jordan, not later than 4:30 PM on January 25 the following:

- 1-Two original copies of a bound brief presentation which includes:
- 2-A covering letter detailing names, mailing address, telephone and fax numbers and email addresses for the entity and/or principle individuals involved;
- 3-Statement of Corporate Capabilities and/or individual Curriculum Vitae and qualification summary;
- 4-A brief statement detailing interest and describing your potential role in such a credit information bureau such as providing: equity, management, technical assistance, management information systems, joint venture participation, etc;

Please note. This informal request for Expressions of Interest does not commit AMIR nor USAID to provide funding for the eventual establishment of a credit information bureau.

EXHIBIT ‘R’

Criteria by which EOI respondents will be evaluated.

- 1-Do they display an understanding of a Credit Bureau in their response?
- 2-What is their interest in the Bureau and does their explanation of their interest make sense?
- 3-How does the expertise/interest they bring to the table relate to the Bureau?
- 4-If their interest is investment, how strong are their financials?
- 5-If their interest is in the database component, what is their experience in building any type of database?
- 6-If their interest is in management, what is their background in this area. Specifically, is it operational, sales and marketing, security, financial etc.?
- 7-How do you evaluate the quality of their presentation?
- 8-Does it appear they did any homework before preparing their presentation and statement of interest?
- 9-If their interest is ownership, what type of participation do they propose?

References

- History of the Associated Credit Bureaus in Canada – The first 50 years.
- 1999 Annual Report - Central Bank of Jordan.
- March 2000 Report - Central Bank of Jordan.
- 1999 Annual Report – Jerusalem Insurance
- 1998 World Consumer Credit Reporting Conference – Credit Bureaus by Continent
- November 1999 - Market Research/Background Survey – Larry Ulrich
- April 1998 – Analysis of building of a Credit Bureau in Dominican Republic (1994-1998)
- 28 EOI responses.
- December 1999 List of Laws regarding establishment of a Credit Bureau in Jordan.