



REGULATORY EXPERIENCES ON DATA QUALITY ENHANCEMENT AND MONITORING

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DATA QUALITY - CREDIT REPORTING



Quality Data

- **Quality data** is key in credit reporting as it impacts the reports that are churned out.
 - At the Bank of Ghana, when we **sensitize data providers**, we make it clear to them that **data is the “blood” of the credit reporting system** thus it is crucial to ensure the right data is fed in the system to be able to in turn get accurate and reliable reports from the system.
 - We usually use the term **“garbage in, garbage out”** to describe this.
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Importance of Quality data

- a. Quality data **helps prevent errors** that can lead to potential borrower experiencing challenges in the process of acquiring a new loan:
- b. Helps launch new products into the market including credit scoring.
- c. Quality data is important in coming up with credit scores (we have however not started credit scoring in Ghana yet. We are currently in discussion with the IFC on this)
- d. It helps credit reporting agencies identify and mitigate potential risks such as identity theft.
- e. Quality data is crucial for regulatory reporting. The credit bureaus are directed to ensure data is of the highest quality as cautions and sanctions are issued based on the information received by the central bank



Effects for Poor Data

- a. Wrong credit scores.
 - b. Wrongful cautions or sanctions.
 - c. Damage to the reputation of a potential borrower.
 - d. Court cases: Potential borrowers sue data providers or the credit bureaus for wrong data on their reports that led them to lose the opportunity for a loan facility for a project.
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Initiatives Taken by BOG to Ensure Data Quality

- a. The Credit Reporting Act, 2007 (Act 726) and Credit Reporting Regulations 2020 LI 2394 have both established clear requirements and standards for data submission.
- b. The BoG has created templates for data submission which are to be used by all data providers.
- c. On a monthly basis, the data providers are required to submit data by the 15th day of the month for the previous month to the credit bureaus. The Credit Bureaus in turn, send reports to the BoG on the 20th of the month. At the Bank, we have officers assigned to the various sectors i.e Commercial Banks, RCBs, MFI, S&Ls etc.
- d. Implementation of data validation and verification processes : The credit bureaus once they receive data, review it and send all errors back to the data providers to correct and resubmit.



Initiatives Taken by BOG to Ensure Data Quality-Cont'd

- a. The Financial Stability Department of the Bank also has a unit responsible for sensitization and data providers are sensitized periodically on requirements for data submission.
 - b. As a regulator, we engage daily with the data providers to discuss data issues of concern. We have created WhatsApp platforms for the various sectors that bring together the respective stakeholders. We have observed an improvement in data submission since the creation of these WhatsApp platforms as it makes information available at all times.
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Other Useful Information

- a. There were 3 credit bureaus namely **XDS Data Ghana** Limited, **Hudson Price Data Solutions** and **Dun and Bradstreet Credit Bureau Limited** till November 2022, when the license of **HudsonPrice was revoked** due to some non-compliance issues. Ghana currently has 2 credit bureaus operating, namely XDS Data and Dun and Bradstreet Credit Bureau Limited.
 - b. The Bank of Ghana has however granted a provisional license to a new applicant (**My Credit Score Limited**) which is yet to meet all requirements prior to the granting of a final license.
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Credit Scoring Update

With the introduction of the Ghana card for all banking transactions, we are ready to start credit scoring. We are currently in discussions with the National Identification Authority to provide verification services to the credit bureaus to enable them cross check ID numbers submitted by data providers for accuracy.



COLLATERAL REGISTRY



Data Quality

- The Collateral Registry Department was operationalized by the Bank of Ghana to principally **register security interests in assets** created by borrowers in favour of lenders. As part of the functions of the Registry as enshrined in the Borrowers and Lenders Act, 2020 (Act 1052), **the Registry keeps and maintains a register of security interests in collateral** for various purposes.
- This serves as a **datahub** of assets pledged as security interests in the country. As at the end of December 2023, the Registry had recorded **over 1 million security interests registrations** since its inception on February 1, 2010.



Data Quality- Cont'd

- As a Regulator, the quality of data received and churned out is very crucial to the operations of the Collateral Registry and the Bank as a whole, as it plays a key role in policy making decisions and Ghanaian credit market industry. In line with this, the Registry has implemented several data quality enhancements and monitoring mechanisms to improve the integrity and credibility of the data received and churned out.
- Some of the current measures are highlighted in this presentation;



Enhanced field validations of the Collateral Registry System

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- The Collateral Registry operates a fully automated role-base web application used by the Banks, SDIs, investment firms, law firms, etc and the general public to carry out their activities.
- The critical and mandatory fields in the web application are validated with requisites business rules to ensure the prescribed data formats are met during data entry. These business rules are reviewed and updated on the system as part of operational activities of the Registry to improve the integrity of data submitted.



Data Monitoring using Power BI dashboard

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- As part of the monitoring mechanisms, the Registry has also implemented a Power BI dashboard with additional business rules to provide a second layer of data scrutinizing. Personnels assigned to this schedule engaged the identified registrants to confirm suspected erroneous figures and follow through for amendments to be carried out if need be.
- In line with this, the current legal framework has enshrined adequate provisions with respect to amendments and its effects on third party interest.



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Off-site surveillance

- The Registry has issued a directive for Regulated Financial Institutions to submit monthly Returns on Collateralized loans.
- Schedule officers review returns data received in light of registered information on the system on a monthly basis. This provides another layer of data monitoring for the Registry.



Continuous system data capturing training 4

- As part of operational activities of the Registry and in-line with measures to improve data quality, the Registry conducts periodic data capturing training of users of the system especially data inputters.
- This training takes the form of hands-on practical sessions to keep users abreast with the fields in the system and the required data to be captured in each field.



On-Site surveillance 5

As part of compliance measures, the Registry carries out periodic on-site surveillance in the form of working visits to targeted institutions. This is done to ensure compliance with the provisions of the law as well as conduct verification of identified suspicious data submitted in the registry's database.



Additional data quality enhancement measures ⁶

The Bank of Ghana in-line with its mandate under Act 1052, is collaborating with DVLA, Lands Commission and the Office of the Registrar of Companies to validate and share data among these institutions. This will invariably improve the data quality significantly when completed.



CONCLUSION

The Bank of Ghana is continuously engaged with its key stakeholders in harnessing skills and knowledge to identify new ways of improving the quality and integrity of data received and churned out.