The Central Bank of Armenia’s project of a credit registry

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Introduction

The Credit Registry of Central Bank of Armenia was set up in 2003. It is an information system that collects, maintains and, upon request, provides information to the creditor concerning different borrowers and loans granted to them. The main objectives of Credit Registry are:

- To help banks to assess the creditworthiness of their clients, avoiding non-diligent and over-indebted borrowers and impose discipline on them.
- To provide supervisors with credit information that could be useful in monitoring credit risk in the entire system.

Information provided to the credit registry

The participation to the registry is mandatory. The reporting organizations are the banks, credit organizations and foreign banks’ branches operating in the Republic of Armenia. Data exchange among participants is takes place via local network called CBAnet. Information provided to the CR covers all the legal entities (except for creditors) and natural persons (including individual entrepreneurs) that have liabilities to the banks and credit organizations. Liabilities include:

- Loans drawn, including credit lines and overdrafts
- Credit cards
- Financial leasing
- Factoring
- Guarantees issued
- L/C contracts
- Obtaining of securities through repurchase agreement (REPO agreement)
- Any other transaction that generates a monetary obligation to the creditor.

The credit registry collects information about all the loans, the amount of which exceed AMD 1.5 millions and the ones that carry an outstanding amount or interest and are classified as monitored, non-standard, doubtful or bad loans according to the “Procedure on Classification of Loans and Receivables and Creation of Possible Loss Reserves for Banks operating in the Territory of the Republic of Armenia”

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(approved by the CBA Board Resolution 63, 23/04/1999 and the MoFE Order 214-A, 04/06/1999). If a borrower receives several small loans from the same creditor with total amount exceeding AMD 1.5 millions, these loans are reported to the registry separately. In case of any change in a loan data already inputted into the Registry, including changes in classified loans, the creditor must submit such changes to the Credit Registry within three business days following the making of the change. In case of a credit line, credit card and overdraft, changes in data is submitted on the first business day of each week, based on the Sunday data of the previous week.

Number of loans from 2003 to 2013

Content of CR database:

- Client identification data (tax code/passport number, legal form, company name/name-lastname for natural persons, address, residency, executive director).
- Data on loan (code of reporting creditor, contract number, total amount, current balance, maturity, number of days past due, past due principal and interest, types of collateral, value of collateral, classification by economic activity, according to NACE, by region, where most part of the credit was used, etc.).
- Data on guarantors, owners, related persons.

Information provided by the credit registry

The users of information collected in the registry are the creditors, borrowers and Central Bank of Armenia. Information provided by the CR is categorizes as:

1. Current information
   1.1. Information in a standardized format
   1.2. Non-standardized information on the borrower available in the Credit Registry (for example data on guarantees provided by the borrower, owners of a company, a credit by reference, etc.)
2. Regular information covering all the borrowers of that creditor, based on this information banks classify their loans.

To obtain current information, the creditors make an electronic inquiry to the Credit Registry and get the information within three business days.

The creditors bear responsibility for the content in writing from the related persons, guarantors and owners. They can use the information from the Credit Registry solely for provision of loan to the borrower or appraisal of the borrower’s creditworthiness. The creditor can request information only about the parties who have applied for a loan, or who have obtained the loan but have not repaid it. Where the information from the Credit Registry contains inconsistency with the data obtained by the creditors, they inform the Unit to rectify such inconsistency and provide the verified information. The borrower may also obtain information about itself, available with the Credit Registry, by paying a fee determined for such service.

![Number of inquiries from 2003 to 2013](image)

The data from CR is also used by different divisions of CBA. For example it is used for carrying out rating, for off-site supervision, for different analysis, etc.

**References**

“Procedure on Classification of Loans and Receivables and Creation of Possible Loss Reserves for Banks operating in the Territory of the Republic of Armenia”, Central Bank of Armenia, Yerevan, 23.04.1999

“Procedure for Creation of Information System of Creditworthiness of Clients of Banks, Credit Organizations, Branches of Foreign Banks operating in the Republic of Armenia, that is of Credit Registry, and Procedure for Participation in Credit Registry”, Central Bank of Armenia, Yerevan, 29.03.2005