

**SPEAKING NOTES BY THE HONOURABLE MINISTER CALLE H. SCHLETTWEIN  
ON LEGALITY, FAIRNESS AND APPROPRIATENESS ON THE USE OF BLACKLISTING OF  
NAMIBIAN CITIZENS BY CREDIT PROVIDERS AND CREDIT BUREAUS**

1. HON. SPEAKER, the Namibia Financial Sector Strategy (NFSS) has recognised Credit Bureaus as platforms instrumental in determining the Creditworthiness of borrowers, thereby achieving its dual objective of improving access to finance and avoiding over-indebtedness. Due to the gaps in the Credit regulation sphere, the Credit Bureau Regulations was introduced as an interim measure and was gazetted in 2014 pending the legislation that will regulate all aspects relating to consumer Credit, in this case the Consumer Credit Bill.
2. The Credit Bureau Regulations (the Regulations) is administered by the Bank of Namibia and applies to all Credit Bureaus, Credit information providers, data subject and all persons who engage in the business of sharing Credit performance information in Namibia. Currently there are two Credit Bureaus companies that operate and licensed by the Bank of Namibia, namely TransUnion Credit Bureau and Compuscan Credit Bureau (CCB)
3. With regard to blacklisting matter, Credit Bureaus are not supposed to blacklist consumers or share negative information about them. The word blacklist is a negative connotation that is even strongly discourage. The fact that information is provided to Credit Bureaus itself, does not mean that a person is listed or blacklisted. It just means that all the person's credit information, both positive or negative is available for any Credit provider to access, in case that person applies for credit at a bank of other credit provider.
4. Credit Bureaus are obliged in terms of the Regulations, to share both favourable<sup>1</sup> and unfavourable<sup>2</sup> Credit performance information on data subjects. Therefore, Credit providers must share both positive and negative information with the Credit Bureaus. It is also important to note that some data subjects (both individuals and SMEs) do not have collateral required by lending institutions to access Credit facilities. Therefore, the most

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<sup>1</sup> Favourable credit performance information refers to information other than unfavourable credit information, regarding all credit facilities made available by a credit provider to a data subject, and includes timely payments of loans.

<sup>2</sup> Unfavourable credit performance information refers to any adverse credit information relating to a data subject including defaults on credit agreement or making late payments on all types of credits.

important aspects that “guarantees” them convincing lending institutions, is their good (favourable) Credit record, which is contained in Credit Bureaus database.

5. Regarding the length of period for which this information should be kept and stored by the Credit bureau in Namibia, the issued Regulation under Section 31 clearly states that:
  - negative data should only remain on the Credit bureau for a period of 2 years, civil court judgement 5 years;
  - payment profile history is also reported for 5 years and not more than that.
6. Also, my understanding is that the purpose of the retention period, especially for consumers with unfavourable information is not aimed at penalising the consumers (individuals) or the entities concern, but mainly is aimed to assist consumers by providing some rehabilitation and allow some grace period, while they are normalising or fully recovering. While the retention of favourable information would enable consumers to be viewed positively and benefit through better access finance and credit based on their conduct.
7. HON. SPEAKER, let me emphasize that the listing of borrowers by the Credit Bureaus should always be done within the framework of the Regulations. In this regard, any person that feels that they have not been procedurally treated has the right in terms of the Regulations to challenge information contained in the Credit Bureau database. The dispute resolutions are clearly outlined under Section 24 of the Regulations.
8. Where Credit Bureaus are challenged for issuing Credit report containing inaccurate information, the Regulations allow for maximum of 20 days for the matter to be address with the Credit provider. Failure to address the matter or finding credible evidence in support of the challenged information within 20 days, the Credit Bureaus must remove the information and all record from its files.
9. HON. SPEAKER, I am glad to share with you that the consumers have a recourse mechanism when they feel that the information about them is not correct, and may appeal to the Bank of Namibia for the investigation of the disputed information. The Bank of Namibia in turn will investigate and consider the appeal. In the interim, any information under dispute is flagged as disputed information in all Credit reports until the appeal is finalized.

10. In the efforts to assist in improving the protection of customers in the Credit environment, I will soon table to this August House a Financial Services Adjudicators Bill. This Bill, is expected to address some of the shortcomings, which relates to consumer protection in the banking and financial services areas, including blacklisting.

11. While the existing two Credit Bureaus, both TransUnion and Compuscan operates on a Hub and Spoke system, where the data is hosted in South Africa. The Regulations, however, have a provision that caters for the data hosted abroad to ensure that the sovereignty of the Namibian data is secured and maintained at all times. The Regulations restrict Credit Bureaus on the type of information that need to be contained on the Credit bureau system and on the usage of Credit information. As such, Credit Bureaus are also compelled to the necessary quality controls for the management of data. To satisfy ourselves with this requirement, the Bank of Namibia do carry out regular inspection on the Credit bureau systems to ensure compliance with the Regulations.

12. From a macroeconomic point of view, we need to recognize that the sharing of Credit information may bring about indication of higher Credit growth rates for businesses and individuals, and therefore boosting the economy, through e.g. increase in Credit lines to those who wish to borrow. Credit Bureaus also allow for greater information sharing which allows lenders to review how much and at what rate they lend to borrowers. As such through the Credit Bureaus:

- Good borrowers tend to negotiate and access Credit at more beneficial interest rates;
- Lenders make use of the Credit information to make better lending decisions;
- Consumers and businesses utilize the Credit information to gain access to Credit, whilst
- Governments and central banks use Credit information to help manage consumer and business over indebtedness.

13. In my conclusion, HON. SPEAKER, the sharing of Credit performance information should be viewed within the broader context of financial inclusion, particularly by enhancing access to finance, and maintaining financial stability by limiting and avoiding borrower's over indebtedness. Credit Bureaus operations are confined within the ambit and purpose of the Regulations. On that basis, the Credit Bureaus are required to adhere and comply

with the provisions of the Regulations, failure to this will constitute non-compliance and the necessary remedial action and intervention measures can be taken against the perpetrators.

I trust that the above provide the clarification required.