

Compuscan invests to improve financial inclusion in Uganda

At the recent African Green Revolution Forum 2015 (AGRF 2015) in Lusaka, Compuscan - a credit bureau headquartered in Stellenbosch, with a significant presence in Africa - was announced as one of nine winners of the MasterCard Foundation's first Innovation Competition under its Fund for Rural Prosperity.



Mike Malan

By making use of the US\$1 million grant that it received, as a result, together with a further US\$1 million that it will contribute to the project, Compuscan intends to build a new loans register to record agricultural and microfinance loan information and make a significant impact to financial inclusion across these sectors in Uganda. The project will help low risk farmers to grow their credit histories and it will help them to qualify for better access to credit.

To achieve this, Compuscan will work with agribusinesses and microfinance lenders in the rural and informal sectors of Uganda to report on loans being made available to rural borrowers. The key aim is to record the positive loan repayment histories of consumers that borrow from rural lenders, or that take out agricultural input loans that are underwritten by agribusinesses.

Currently, the loan repayment histories of some of the most creditworthy borrowers in this sector are simply inaccessible due to the fact that the positive repayment information is not being recorded. Furthermore, the borrowers that are already financially excluded are remaining so, without access to formal credit because lenders don't know how well they will make repayments.

In 2006, Compuscan was selected through an international tender to establish Uganda's first full-service credit bureau and has been involved with the management thereof since then. Furthermore, to overcome the lack of a national identity system at that time, Compuscan developed a biometric-based smart card ID system for all borrowers, which meant that lenders could report positive and negative data on companies and consumers, enabling the creation of the credit bureau.

Comments Mike Malan, Managing Director of Compuscan Uganda: "Building this new loans register is a natural extension of our credit reporting solutions in Uganda. This new company will target a slightly different market sector, with the potential to positively impact 135 000 people. Due to the lack of borrower history and usual requirements for collateral it is often difficult, if not impossible, for the farmer to get a loan."

Going forward, however, rural and agricultural information will be recorded and the credit risk in the loan transaction can be better decided upon, helping rural consumers to get better, easier and cheaper access to credit.

To gain a deeper understanding of the agricultural sector, Compuscan has partnered with Genesis Analytics to assist in identifying suitable agricultural companies that can participate in the sharing of data. Malan concludes: "We believe that, as this loans register grows, banks and other supervised financial institutions will aspire to access the data to improve their credit decision - to further stimulate agricultural lending in the country."

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