CREDIT BUREAU TERMINOLOGIES

Credit Bureau: An organization that collects and maintains credit information on individuals and businesses and provides this information to lenders and other organizations to help them make lending decisions.

Credit Reference: A statement provided by an individual or an organization to a lender, outlining the creditworthiness of a potential borrower.

Credit Report: A detailed document containing information about an individual's or a business's credit history, including credit accounts, payment history, and outstanding balances.

Biodata: Biodata refers to personal information such as name, date of birth, address, and other identifying information that is used to establish a credit report for an individual. This information is used to verify a person's identity and link their credit activity to their credit report.

Credit Score: A numerical score that reflects an individual's or a business's creditworthiness, based on information contained in their credit report.

Risk Grade: Risk grade refers to a rating assigned to a borrower based on their creditworthiness, which is determined by their credit history and other factors. Lenders use risk grades to evaluate the level of risk associated with lending money to a borrower. Risk grades typically range from A to E, with A being the lowest risk and E being the highest risk. Borrowers with higher risk grades may have more difficulty obtaining credit and may be subject to higher interest rates and fees.

Score trend: Score trend refers to the direction of a borrower's credit score over time, indicating whether it is increasing, decreasing, or remaining stable. A rising score trend is seen as a positive indicator of a borrower's creditworthiness and may increase their chances of obtaining favourable loan terms. Lenders consider both the score trend and the current credit score when making lending decisions.

Summary Payment Calendar: A summary payment calendar is a visual representation of a borrower's payment history over a period, typically 12 months. The calendar shows whether payments were made on time or late, and how many days late each payment was. This information is used to calculate a borrower's payment history, which is an important factor in determining their credit score. Lenders use a summary payment calendar to assess a borrower's payment behaviour and determine their creditworthiness.

Subscriber: A subscriber refers to an entity that has been granted permission to access and receive credit information from a credit reference bureau. Subscribers can include lenders, creditors, banks, MFBs, Saccos MFIs, and other entities that use credit information to make decisions about extending credit, offering services, or making employment decisions. These entities must be authorized and approved by the credit reference bureau before they can access credit information. Subscribers typically pay fees for access to credit reports, which are used to cover the cost of providing credit information services.

Balance: refers to the amount of money that a borrower owes on a credit account, such as a loan or credit card. This can include both the principal (the original amount borrowed) and any interest or fees that have accumulated over time. The balance on a credit account can change over time as the borrower makes payments or incurs new charges.
Outstanding balance is the remaining amount of the principal and interest that is due on a credit account. This is the amount that the borrower needs to pay to fully pay off the credit account.
The outstanding balance is important to keep track of as it can affect the credit score, if an individual or business miss payments or have high outstanding balance it can negatively impact their credit score. It also impacts the credit utilization ratio, which is the amount of available credit being used. A high credit utilization ratio can negatively impact the credit score.
Balance Overdue refers to the amount of money on a credit account that has not been paid by its due date. This means that the borrower has missed one or more payments, and the amount that is past due is now considered overdue. The balance overdue may include any fees or interest charges that have accrued due to the missed payment(s). The balance overdue is an important factor in determining a borrower's credit score and creditworthiness, as it indicates a history of late payments and financial delinquency.

It's important to keep an eye on the balance of credit accounts and make sure to pay them off or keep them at a manageable level to maintain a good credit score and financial stability.

Days in arrears/Days Overdue/Days past due: refers to the number of days that a borrower has missed a payment on a credit account. This metric is used to measure the severity of a borrower's delinquency on a credit account and is often reported on credit reports and used by credit bureaus and lenders to determine an individual's or business's creditworthiness.
Days in arrears is a measure of how delinquent a borrower's account is. The longer the number of days in arrears, the more delinquent the account is considered to be. For example, if an individual or business missed a payment on a credit account by 30 days, their account would be considered to be 30 days in arrears.
Days in arrears is a negative factor in credit scoring, as it suggests that the borrower has missed a payment and that their account is delinquent. The longer the number of days in arrears, the more negatively it will impact a borrower's credit score.
Lenders and credit bureaus also use days in arrears as an indicator of future credit risk. A borrower who has missed multiple payments over an extended period is considered a higher credit risk than one who has missed just one payment.
It's important to note that paying off an outstanding balance and bringing the account current will improve the credit score. It's also important to keep an eye on days in arrears and make sure to pay on time to avoid getting into arrears and negatively impacting the credit score.

Payment profile status : refers to the current status of a borrower's payments on their debts. This information is used by lenders to assess a borrower's creditworthiness and their likelihood of default. The status can be "Current/Ontime," "Delay/Late," "Unpaid/Delinquent," or "Charged-off." Lenders consider the payment profile status when evaluating loan applications, and a history of late or delinquent payments can negatively impact a borrower's credit score and their chances of obtaining favourable loan terms.

Inquiries: refer to the requests for a borrower's credit report by lenders, credit bureaus, or other entities. When a lender or credit bureau pulls a borrower's credit report, this is recorded as an inquiry. Inquiries can be classified into two types: **hard inquiries** and **soft inquiries**.

Hard inquiries : are the requests for credit report made by a lender or creditor when a borrower applies for credit. These can negatively impact a borrower's credit score because they indicate that the borrower is applying for new credit and may be taking on additional debt.

Soft inquiries : are requests made by the borrower or by non-lenders such as landlords, insurance companies, or employers. These do not affect the credit score.
It's important to keep an eye on the number of inquiries on your credit report, as too many hard inquiries in a short period of time can negatively impact your credit score. It's also important to check credit report for fraudulent inquiries.
It's also important to be mindful of the types of inquiries that are being made on your credit report, and to only apply for credit when it is necessary.

Credit Risk: The risk that a borrower will default on a loan or fail to make payments as agreed.

Credit Limit: The maximum amount of credit that an individual or a business is able to borrow.

Credit Utilization: The ratio of credit used to credit available, which can impact credit scores.

Negative Information: Information on credit accounts that may have a negative impact on credit scores, such as late payments, delinquencies, and collections.

Positive Information: Information on credit accounts that may have a positive impact on credit scores, such as on-time payments and a low credit utilization ratio.

Open contracts: refer to credit agreements that do not have a fixed end date or a fixed repayment schedule. Examples of open contracts include credit cards and revolving credit lines, where the borrower can make purchases or withdraw cash up to a certain limit and make payments at any time.

Closed contracts, on the other hand, refer to credit agreements that have a fixed end date and are used for a specific purpose, such as a car loan or a personal loan. The credit limit and interest rate are fixed at the time of the agreement and the borrower is expected to repay the loan in full by the end of the contract.
Both **open and closed contracts** are included in a credit report and can affect an individual's credit score. Open contracts may affect credit score more because of the revolving nature of the debt, whereas closed contracts may affect credit score less as the debt is repaid over a fixed period of time.

"Listing" or "credit listing": refers to the record of an individual or organization's credit account information that is reported to a credit bureau. This information can include details such as the type of account, the account balance, the payment history, and the account status.
Credit listings can include a variety of different types of accounts, such as credit cards, loans, and mortgages. Creditors or lenders report credit account information to credit bureaus on a regular basis, this updates the credit report of the borrower. This information is used to generate a credit report which is used by lenders and creditors to evaluate an individual's creditworthiness when they apply for a loan or credit.
Listings can also include court judgements, bankruptcies, and other public records that may have an impact on an individual's creditworthiness.
It's important for individuals to review their credit listings regularly to ensure that the information is accurate and up to date, as any errors or inaccuracies can negatively impact their credit score and their ability to obtain credit in the future.

Lender/ Creditor refers to any organization or individual that extends credit to borrowers. This can include banks, credit unions, finance companies, and other financial institutions, as well as individuals who lend money.
Lenders use credit reports and other information to evaluate a borrower's creditworthiness and determine whether to approve a loan or credit application. They may also use credit reports to determine the terms and conditions of a loan, such as the interest rate, loan amount, and repayment period.
Lenders/Creditor often have different criteria for approving loans, and may consider factors such as income, employment history, and credit score. They also have different types of loan products and may have different rates and terms.

It's important for borrowers to shop around and compare rates and terms from different lenders to find the best loan options. It's also important for borrowers to understand their credit standing and credit reports to be able to make informed decisions when applying for a loan.

A "borrower": refers to an individual or organization that takes out a loan or credit from a lender or creditor. The borrower is the one who receives the funds and is responsible for repaying the loan or credit, including any interest and fees, according to the terms and conditions of the loan or credit agreement.

Borrowers may take out loans for a variety of reasons, including to purchase a home, a car, or to pay for education or other expenses. They may also take out credit, such as credit cards, to make purchases or pay for expenses.

When a borrower applies for a loan or credit, the lender or creditor will typically review the borrower's credit history and credit score to determine the borrower's creditworthiness. The lender or creditor may also consider other factors such as income, employment history, and assets when making their decision.

It's important for borrowers to understand the terms and conditions of the loan or credit they are taking out, including the interest rate, fees, and repayment schedule. It's also important for borrowers to understand their credit standing and credit reports to be able to make informed decisions when applying for a loan or credit, and to budget and plan for loan or credit repayment.

Financial Inclusion: The process of providing access to financial services to individuals and businesses who may not have access to traditional financial services.

Credit Reporting Act: The legal framework that governs the operations of credit reference bureaus in Kenya.

Credit Registry: a database that contains credit information on individuals and businesses in Kenya.

Credit Information Sharing Association of Kenya (CIS Kenya): a non-profit membership organization that brings together credit providers and credit reference bureaus to improve access to credit information and promote responsible lending.

Credit Information Index (CII): a measure of the degree of access to credit information in a country.

Credit Bureau Industry Code of Conduct: a set of guidelines that credit reference bureaus in Kenya are expected to follow to ensure fair and responsible credit reporting practices.

Delinquent Accounts: accounts with late payments or unpaid bills.

Public records: information from government and legal sources, such as bankruptcies, lawsuits, and tax liens.

Credit History: A record of an individual's or a business's credit accounts, payments, and other credit-related activity.

Credit Account: An account established with a lender or creditor, such as a credit card or loan account.

Credit Report Dispute: A process of challenging incorrect or incomplete information on a credit report.

Credit Report Summary: A summary of an individual's or a business's credit history, including credit scores and key credit information.

Credit Reporting Agency (CRA): An organization that collects and maintains credit information on individuals and businesses and provides this information to lenders and other organizations to help them make lending decisions.

Account age: refers to the length of time that a credit account has been open and active. Account age is a factor that is considered in determining an individual's or a business's credit score, as it can provide insight into the borrower's credit history and creditworthiness.

Account status: refers to the current status of a credit account, such as whether it is open or closed, current or past due, or in good standing or in default. Account status is reported on an individual's or a business's credit report and is taken into account when determining their credit score.

An "open" account status: indicates that the account is currently active and the borrower is able to use the credit. A "closed" account status, on the other hand, indicates that the account is no longer active and the borrower can no longer use the credit.

"Current" account status: indicates that the borrower is up to date on their payments and the account is not past due. "Past due" account status, on the other hand, indicates that the borrower has missed one or more payments and the account is in arrears.

"Good standing" account status: indicates that the borrower has a positive credit history and has been making payments on time. "Default" account status, on the other hand, indicates that the borrower has failed to make payments and the account is in default.

It's important to note that, **account status** is an important factor in credit scoring, if an individual or business has missed payments, or their account is in arrears it may have a negative impact on their credit score. On the other hand, if an individual or business has a good standing account status and make payments on time, it may have a positive impact on their credit score.

Written off: refers to the process of a lender or creditor removing a debt from their financial records as a loss. This typically happens when a borrower has defaulted on a loan or credit account and the lender or creditor has determined that the debt is unlikely to be collected.
When a debt is written off, it is transferred to the lender's or creditor's loss recovery department, where it is recorded as a bad debt and the lender or creditor may seek to recover the debt through legal means.
From a borrower's perspective, having a debt written off can have a negative impact on their credit score, as it indicates that they have defaulted on a loan or credit account and the lender or creditor has determined that the debt is unlikely to be collected. This can make it difficult for the borrower to obtain credit in the future, as they may be considered a higher risk by lenders and credit bureaus.
It's important to note that, written off debt may appear on credit report and can impact credit score. It's also important to keep an eye on outstanding debts and make sure to pay them off to avoid them being written off.

Data submission: refers to the process of providing credit information to a credit bureau or other credit reporting agency. This can include information about a borrower's credit accounts, such as loans and credit cards, as well as information about payment history, credit utilization, and other factors that can affect a borrower's creditworthiness.
Data submission is typically done by lenders, credit card issuers, and other organizations that extend credit to borrowers. They submit credit information on a regular basis to credit bureaus, and credit bureaus use this information to create credit reports that are provided to lenders and other entities when they request them.
Data submission is an important part of the credit reporting process, as it allows credit bureaus to maintain accurate and up-to-date information on borrowers' credit history. This helps lenders and other entities make more informed decisions about whether to extend credit to a borrower and at what terms.
Data submission can also be done by the borrower themselves, by providing their credit information to credit bureaus. This is called self-submission and can help in increasing the accuracy of the credit report and correcting any errors on the credit report.
It's important for credit reference bureaus to ensure that the data submitted is accurate, timely and relevant. It's also important for borrowers to keep an eye on their credit reports and ensure that the information is accurate, and to submit any corrections or disputes to the credit bureaus.

Data update: refers to the process of adding new or updated information to a borrower's credit report. This can include information about new credit accounts, changes in payment history, or other factors that can affect a borrower's creditworthiness. Data updates are typically done by lenders and other organizations that extend credit to borrowers and are submitted to credit bureaus on a regular basis.

Data updates are important to keep credit reports accurate and up to date. Credit bureaus use the information provided by data updates to create credit reports that are provided to lenders and other entities when they request them. This helps lenders and other entities make more informed decisions about whether to extend credit to a borrower and at what terms.

Credit bureaus have the responsibility to ensure that the data updates are accurate, timely and relevant. It's also important for borrowers to keep an eye on their credit reports and ensure that the information is accurate, and to submit any corrections or disputes to the credit bureaus.

It's important for credit reference bureaus to have regular update schedules to keep the credit reports accurate. This is important as credit reports are used in decision making for loans, credit cards, and other financial products.

Bankruptcy: refers to the legal process by which an individual or organization is declared unable to pay their debts. A bankruptcy filing may be made by the individual or organization that is in debt, or it may be made by their creditors.

When an individual or organization files for bankruptcy, a court will determine whether they are eligible for protection under the bankruptcy laws and will supervise the administration of their assets and debts. Depending on the type of bankruptcy filing, the court may discharge some or all of the individual or organization's debts or may reorganize their finances so that they can repay their debts over time.

Filing for bankruptcy can have significant consequences on an individual's credit standing and credit score, as it will be reflected in the credit report and it can stay there for a certain period, making it harder for the individual to obtain credit in the future.

It's important for individuals to understand the different types of bankruptcy and the potential impact on their credit before making the decision to file for bankruptcy. It's also important for individuals to consult with a financial advisor or a bankruptcy attorney to understand the process, the costs, and the benefits.

Thank You.