



# **“The Credit Data Exchange Project”**

**Presented by Coface  
within the CreditAlliance Network  
of Arab & Islamic Credit Insurers**

**Beirut – October 27<sup>th</sup>, 2009  
1<sup>st</sup> Joint Meeting of Arab & Islamic ECAs**

# A PARTNERSHIP SCHEME

**Coface**

**CreditAlliance**

**Arab  
& Islamic  
ECA's  
credit data  
exchange  
project**

**@rating system:**  
Credit reports  
& ratings

**Atlas**  
Coface IT  
infrastructure

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# More than “just” a credit insurer

## ↪ COFACE UPDATE 2008:

- Consolidated turnover: 1.68 billion Euro in 2008
- 130,000 clients worldwide and 7000 employees in 2008
- Implementing the 4 business lines of credit management services
  - \* credit insurance: 3<sup>rd</sup> worldwide
  - \* credit information: 5<sup>th</sup> worldwide
  - \* factoring: 6<sup>th</sup> worldwide
  - \* debt collection: 4<sup>th</sup> worldwide

## ↪ COFACE IN THE REGION

- The only int'l credit management services group with direct presence in the largest number of Arab and Islamic countries: Algeria, Egypt, Malaysia, Morocco, Turkey and UAE
- Credit Alliance: a strategic partnership with the leading ECAs in the region

# @rating: first customized credit information reports & ratings system

- ↪ @rating system: the Global Rating System and backbone of Coface credit risk management
- ↪ Implemented on more than 55 million + companies worldwide which are scored and monitored in real time with some 419 billion Eu (in 2008) worth of guaranteed commercial transactions
- ↪ Coface proven credit reports and ratings methodology worldwide is now produced in the Arab region through Coface local subsidiaries

# Atlas: Coface new IT general architecture

- ↪ **Atlas: The new architecture of the Group information system (replacing CRS from December 2009) is the common information tool shared by the ECA's partners in the CreditAlliance network.**
- ↪ **Atlas allows to share information and claims among all members using CRS/Atlas (NCX is the common claim IT tool integrated in CRS/Atlas)**
- ↪ **Coface is inviting cooperation with all Arab and Islamic Credit Insurers on the "Credit Data Exchange Project" from now on.**



# Atlas main principles

- **Architecture principle** : common core system to all products.
- **External data** : on line access /no duplication.
- **Right's profiles** in line with functions' organisation.
- **Use of a work list facility** on-line with all the different stages of decision life cycle.
- **Pre-viewing/post-viewing** of notifications addressed to customers.
- **Consolidated views** on products and decisions per debtor, group of debtor or customer.
- **Internet based interface.**
- **Customer interface** : a step towards a real CRM.
- **Local notifications** instead of centralised ones as far as possible.

# The need for a “Credit Data Exchange Project” in the Arab/Islamic Markets: 1/2

- Growth of Arab inter-trade and specially intra-regional investments.
- Government initiatives to promote Arab industrial cooperation and regional supply chains, of which a 2 billion US\$ fund for the Arab industrial SMEs sponsored by the Arab League.
- Launch of private equity companies and private funds focused on SMEs.
- Increased demand for credit management tools, fuelled by the present crisis.



# The need for a “Credit Data Exchange Project” in the Arab/Islamic Markets: 2/2

- Improving the quality and quantity of information to serve increasingly demanding markets.
- Businesses and governments becoming aware of link between lack of transparency and loss of opportunities within each country as well as causing the absence of regional supply chains, necessary to expand inter-trade.
- No platform to date to monitor and account for the B2B trade which is the bulk of credit insurers and factors business.

# Options & Solutions

- ↪ Within the cooperation between the Arab and Islamic ECA's of which prominent members are as well partners with Coface in the CreditAlliance network, preliminary exchanges have taken place between ECA's and Coface on sharing information on buyers and importers as well as negative and positive lists.
- ↪ This initiative can form the basis of a regional payment index database pooling credit insurers negative and positive lists.
- ↪ Combined experience of Coface in credit insurance, credit information and ratings as well as IT tools, can be mobilized to serve such initiative.
- ↪ Coface Egypt established as Middle East Regional Production Platform for credit information and ratings and debt collection could operate as the executing agency of such initiative.

## IMMEDIATE SOLUTION

- ↪ Use existing tools to facilitate and expedite the start-up, such as CRS/Atlas.
- ↪ Set-up a generic e-mail address to be managed by Coface Egypt such as [arab&islamicECA@coface.com.eg](mailto:arab&islamicECA@coface.com.eg) to start exchanging information.
- ↪ Coface Egypt will automatically dispatch the mails received to all the ECA members and will upload the data exchanged on the CRS/Atlas tool.
- ↪ Define a standard template, to enable the collection and aggregation of the negative lists, on the model of the “Union de Berne” blog for exchange of claims information among credit insurers.
- ↪ Extend to the exchange of positive lists linked to the supply of credit information reports and ratings on buyers and importers in the Arab and Islamic markets as well as worldwide.

# Options & Solutions / Phase I

- ↪ **The need to supply the “Credit Data Exchange Project” with reliable credit information and ratings**
- Lack of published financial data on companies in most Arab countries requires access to multiple sources of information and networks, including media monitoring, companies tracking, etc... and direct presence
- Accessing data on payment performance of buyers and sellers requires in the Arab markets and worldwide the leverage of multinational groups.
- Coface credit information and rating coverage:
  - \* 55 million + scored companies worldwide
  - \* 350 000 companies in the Arab countries

## PHASED SOLUTION

- ↪ A complete solution established on the model of “Union de Berne” web site and blog scheme, as a regional intranet for the Arab and Islamic ECA’s.
  
- ↪ Combined with the membership to CRS/Atlas to access a complete service including credit information and ratings.
  
- ↪ What are the main types of information to be exchanged?
  - Early warnings and avoidance of bottlenecks – from which amount?
  - Default forms – from which amount should be declared?
  - Disputed claims (contested invoices by debtors)
  - Questions and answers forms

# Options & Solutions / Questions to address

- Identification of members and admission rules
- Analysis of volumes of information to process and exchange
- Define claims to be notified
- Claims amount segmentation
- Geographical scope of the claims
- Definition of the confidentiality rules
- Timing of extension to positive lists exchange

## **NEXT STEPS**

1. Start up of immediate solution
2. Working group for the comprehensive solution on the model of "Union de Berne"





**Thank you**