TechSprint

Improving resilience and compliance of small credit providers.

Problem Statement

National Credit Regulator

In partnership with the Government of Japan

International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

PROBLEM STATEMENT

Problem Statement : How can we leverage on technological innovation to improve the **resilience** and **compliance** of small credit providers

Who: Small credit providers are lending institutions with **Total Principal Debt less than < R5 million**. Most of these credit providers tend to service the last mile/ base of pyramid but often lack the capacity and capability to withstand challenging times (i.e.. Pandemic, Recession) and comply with the regulations of the National Credit Act. Some credit providers are located in remote parts of South Africa with limited internet connectivity.

Examples are credit providers offering:

- Short Term Credit :
  - Loan less or equal to R8000 and loan term less or equal to 6 months.
- Developmental Credit:
  - Educational loan; small business loan; building or expansion of low-income housing loans, and farming equipment loans.

The Tech Sprint will focus on two key elements that are critical in business sustainability and compliance. The small credit providers must have technology to enable :

•**<u>Resilience</u>**: enable digital onboarding and credit extension by small credit providers to underserved markets;

•**<u>Compliance</u>**: ensure effective participation in information sharing, submission and regulatory reporting.

PROBLEM STATEMENT USE CASES

How can technology and innovation be used to promote affordable digitisation of small credit providers?

- How can small credit providers conduct digital credit extension including affordability assessments?
- How can we promote cost effective access and usage of credit reporting systems by small credit providers?
- How can we help small providers to improve their resilience and ability to withstand the impact of natural disasters and pandemics?
- How can we help small providers to reduce their operating costs and the interest rate that they charge?

How can technology and innovation enable information sharing and regulatory compliance by small credit providers?

- How can small providers sustainably submit data to the credit reporting industry?
- How do we enhance regulatory reporting and compliance with regulations?
- How do we ensure cost effective participation of small credit providers?