

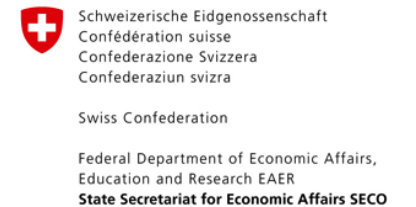
UKRAINE “DIGITAL DATA CORRIDOR”

USE OF CREDIT HISTORY DATA TO SUPPORT REFUGEES FINANCIAL INCLUSION AND ACCESS TO FINANCE

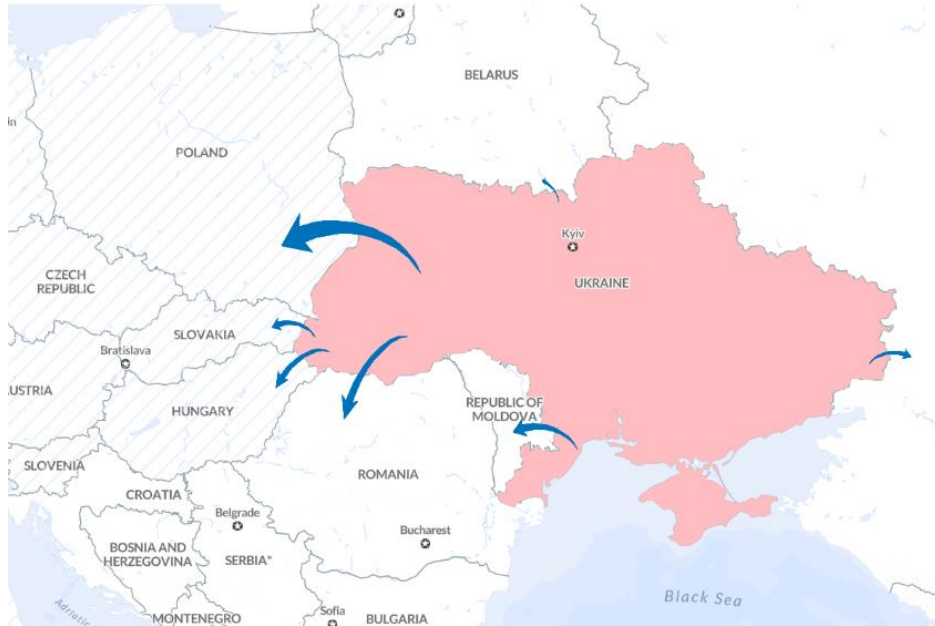
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Creating Markets, Creating Opportunities



Ukraine Refugee Situation



697,937 refugees from Ukraine crossed border with Republic of Moldova*

96,646 refugees from Ukraine registered in Moldova*

In the Republic of Moldova

49%

People with
higher education

27%

With diverse professional
experience
(mostly services and trade related sectors)

38

Years old
Average age

People staying in Moldova, as well as in other hosting countries, would like to find a job, and will require financial inclusion, i.e. KYC in financial institutions, background check by potential employers or landlords, access to finance.

* <https://data.unhcr.org/en/situations/ukraine>

As Ukrainian refugees stay longer in host countries, their economic and financial needs gravitate to those of host county population

Stages of displacement and economic needs



1. Arrival (<1 – 12 months): food, shelter, medical services, communication means



2. Initial displacement/relocation (6-24 months): employment, entrepreneurship, access to housing, education / diploma validation



3. Settlement (1-3 years): establishment of livelihoods and improvement of living conditions



4. Permanent (>3 years): integration / assimilation in the host country.

Financial and non-financial needs by displacement stage



- Information on refugee support
- Cash for rent, food, medical services
- Remittances

Financial services



- Savings,
- Remittances,
- Productive and consumer microcredit



- Transactional Accounts,
- Remittances
- Credit (working capital, purchase assets)
- Consumption (education, asset purchase)
- Home Improvement Credit
- Digital financial services (payments, e-wallet, etc.)
- Insurance (health / life)



Similar products to those required by local populations, including deposits and longer-term loans.

Non-financial services

- Information and market access, employment, financial education, vocational training, etc.
- Information and market access, employment, access to value chains, business associations, etc.

Humanitarian aid

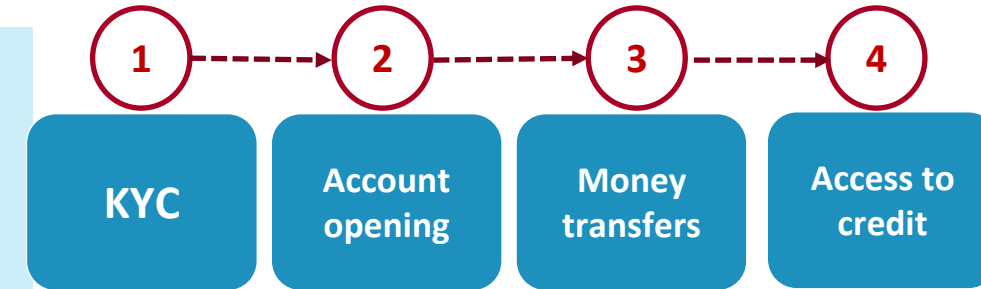
Financial inclusion

Goal of the Engagement

What

Project is going to **assist Ukraine refugees to get access to financial services in main countries of concentration** (Poland, Romania, Moldova, Slovakia & Czech Republic) through passing KYC and getting access to payment and credit history

Stages of Refugees engagement in A2F



Why

Up to 7 mln Ukrainian people will be displaced due to Russian invasion. Access to financial services is a crucial element of refugees' integration in the host countries: from initial arrival to subsequent relocation and longer establishment.

Massive influx of refugees poses following challenges to the EU banks: i) Inability to conduct background checks (incl. creditworthiness) limits banks' ability to provide wider scope of financial products and services; ii) onboarding of refugees based on the basic documents may present compliance challenge in the future as banks do not have additional ways to confirm the identity of the customer; iii) Heavy reliance on offline onboarding procedures limits competition and supposedly leads to higher concentration of Ukrainian refugees in the largest banks and pressure on physical infrastructure.

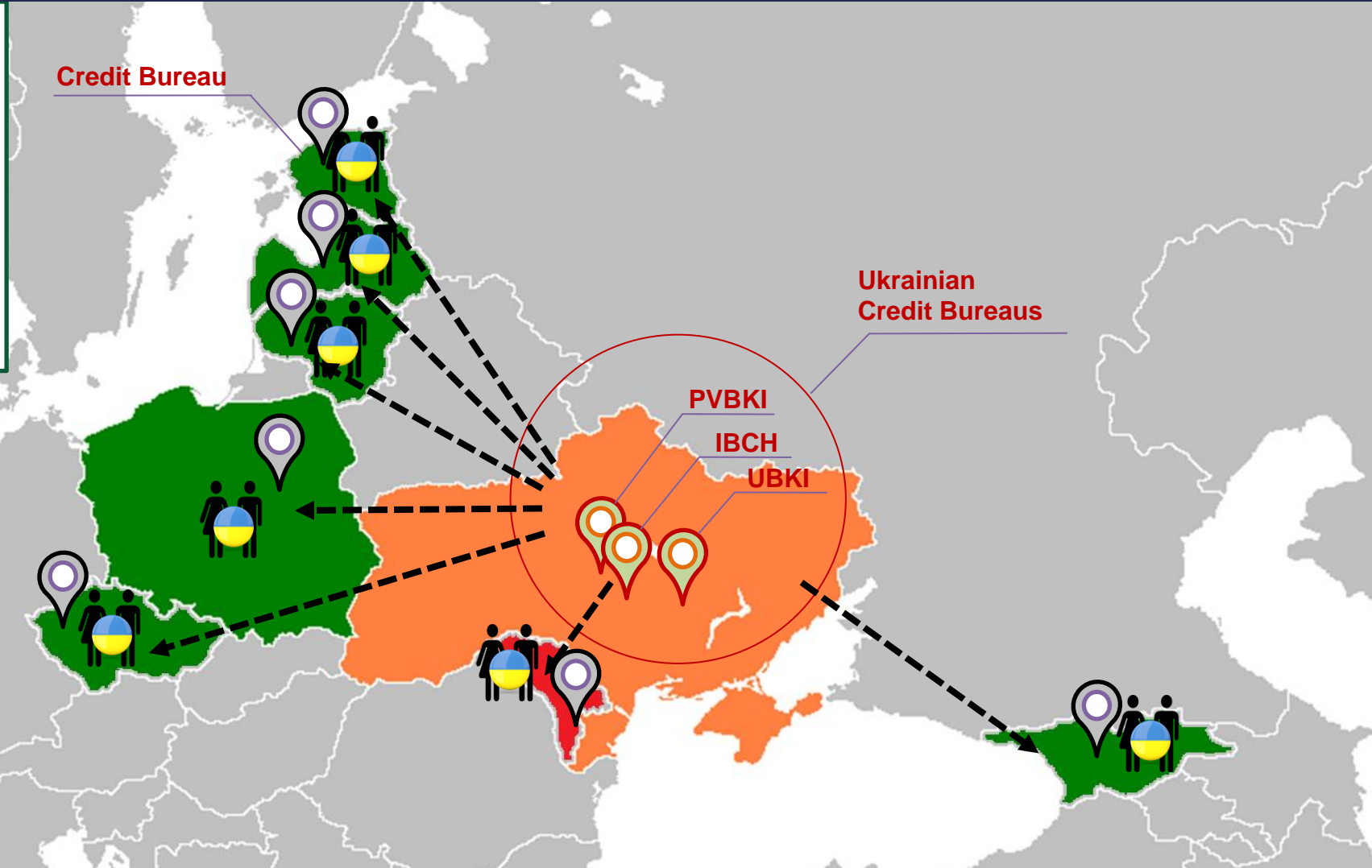
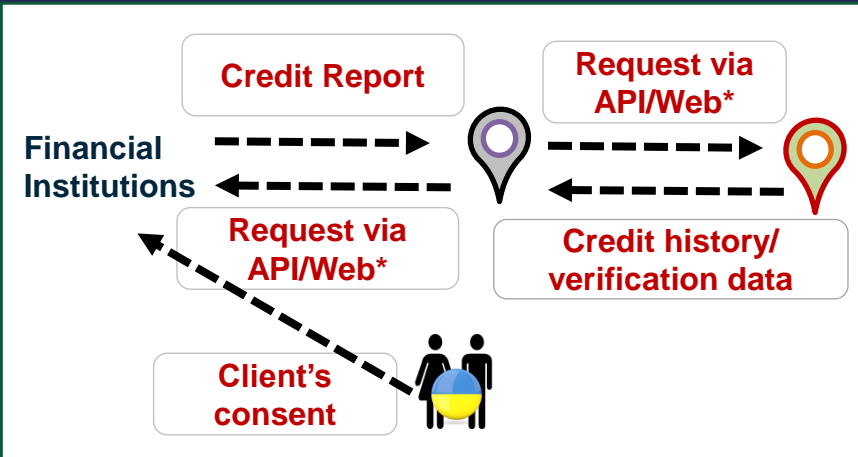
How

Existing Ukrainian credit information infrastructure can be leveraged to assist the financial institutions in the host countries to address these problems aims to resolve issues with :

- Identity verification (KYC),
- payment and credit history by sharing reliable data.

PCBs are equipped and may require further development of needed data format to be shared with the financial institutions. Ultimately, this will form a basis for a common credit information sharing area for the region.

IFC - DIGITAL DATA CORRIDORS project



Private Credit Bureaus in Ukraine can provide international partners with information based on:

- Verification of Ukrainian citizens/companies
- Credit history/credit report

CREDIT INFORMATION SHARING in UKRAINE HAS SOLID DATA TO PROOF REPAYMENT BEHAVIOUR AND IDENTITY OF UKRAINIAN CITIZENS ABROAD

- Long standing industry with specific legislation since 2005
- Several registered Private Credit Bureaus (PCBs)
- International and local operators
 - ≈ **81%** coverage of the retail lending market
 - ≈ **2%** coverage of the corporate lending market
 - ≈ **42 million** credit histories stored at 1 PCB, on average
- Relatively new Public Credit Registry (PCR) to support financial sector oversight
- Credit reporting is mandatory to lenders:
 - at least to one PCB;
 - over 100 minimum wages to PCR (≈ 17K EUR)



The Law of Ukraine On organization of formation and circulation of credit histories, 2005



The National Bank of Ukraine (NBU):

- manages PCR since 2018
- regulates PCB market since July 2020

DIGITAL DATA CORRIDOR WORK PLAN

Analysis of refugee flows

Legal framework review

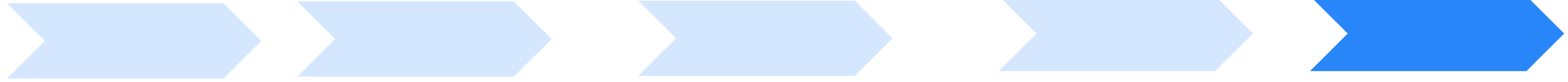
Technical framework review

Cross-border exchange templates

Stakeholders' engagement

Awareness raising

Awareness raising



Fostering communication and information exchange on following levels

- a. The National Bank of Ukraine (fully supports the initiative)
- b. Central Banks of host counties
- c. Association of Consumer Credit Information Suppliers (ACCIS)
- d. Private Credit Bureaus
- e. Financial institutions (banks and NBFIs)
- f. Ukrainian refugees



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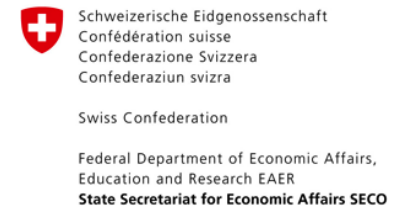
THANK YOU FOR YOUR COMMITMENT

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