Welcome to the First Issue of *TheCredit*, SIMAH’s Newsletter

Dear Readers,

We are pleased to present the first issue of *TheCredit*, the e-Newsletter by Saudi Credit Bureau (SIMAH). It is the first of its kind in the Kingdom, specializing in credit and targeting the community of credit professionals and experts in our country. *TheCredit* aims at promoting the development of a robust and healthy credit culture in line with the vision of SIMAH. We see ourselves as instrumental in the development of Saudi Arabia’s credit ecosystem, which is composed of businesses, individuals and Governmental bodies.

Every issue of our Newsletter will include articles from leading credit experts, interviews with key stakeholders, case studies and insights on the credit market, drawn from the SIMAH Credit Bureau. It will also present success stories and case studies provided by our Members who would like to share with you their own experiences of how SIMAH’s data, solutions and experts have helped them in improving their credit and business performance.

We hope this Newsletter will achieve these ambitious goals and that it meets your expectations. We count on your active participation, through your comments, suggestions and articles, so that together we can make of *TheCredit* a fundamental pillar of our Community as well as a valuable source of information for you and your colleagues.
Economic Downturn Solutions for Clients in the Middle East

Background:

It has been well documented in publications over recent years, that retail banks across the globe should be prepared for any adverse exogenous market events and as such ‘stress’ all financial portfolios in the event of economic ‘stress’ or a ‘financial downturn’; indeed the Basel II accord [published in June 2004] intended to amend international standards that controlled the levels of capital that banks needed to hold against financial and operational risks. This served to standardise the global playing field and improve the overall quality and standard of financial institutions, thereby promoting increased financial stability in economies.

While ‘downturns’ are generally well discussed and documented in economic terms, in financial terms, impacts are measured on the Probability of Default ("PD"), Exposure at Default ("EAD") and Loss given defaults ("LGD"). However, little information has been shared on the ‘downturn’ impacts for consumer lending and retail clients in the Middle East. The following tries to describe the causal factors of a downturn, the subsequent impact on the Kingdom of Saudi Arabia (KSA), the industry, consumer lending and the retail clients.

Downturn Causal Factors:

There are a number of macro level indicators that can trigger an economic downturn which can be broadly classified for all international markets, into the following:

- **Global Recession:** a downturn in world trade leads to lower exports and lower domestic demand. This is increasingly important in an ever-closer global economy (i.e. integration of political / religious / socio-economic issues);

- **Tightening of Monetary Policy:** higher interest rates lead to (and is an indicator of) lower growth, government spending reduced through budget constraints;

- **Negative sentiment on Market Performance:** If people are generally pessimistic about the future, then they will seek to increase saving and reduce their spending, leading to lower economic growth (e.g. Japan has had this issue for years);

- **Falling Asset Prices:** A fall in house prices leads to a decline in consumer wealth and lower consumer spending. Also, banks lose money on mortgage defaults;
• **Deflation:** Deflation (falling price levels) discourages spending and increases the real value of debt, leading to lower spending and investment;

• **Oil Price Fluctuations:** Higher oil prices cause an increase in costs and a decline in disposable income leading to lower economic growth. Lower Oil process directly impact OPEC markets or countries with a high dependence on oil generated revenue.

• **Regional factors** specific to the Middle East could relate to National Strikes or Changes in Leadership.

**Impact on Saudi Arabia:**

Oil price fluctuations have had a direct impact on the Middle East, specifically in KSA. KSA is the world’s largest producer and exporter of oil with just under a quarter of the world’s proven oil reserves. The country has been able to scale up its production so fast because of its high spare capacity of around 2 million barrels a day (which in turn accounts for more than half of global spare capacity).

KSA’s economy is fuelled almost entirely by the production and distribution of petroleum and its derivative products. Around 90% of Saudi Arabia’s export earnings and government revenues come from the oil industry, which in turn accounts for nearly 30% of the total GDP for the country – in fact over recent years, KSA managed to perform well in the global economic turmoil better than most countries, reaching a Real GDP growth rate of 3.6% in 2014.

While petroleum exports are lucrative, KSA’s dependence on oil [as its primary source of revenue] is certainly potentially problematic given this niche concentration; in the short-term, the Saudi economy is vulnerable to shifts in oil prices, lowered demand, or disrupted production due to a number of possible factors, including regional [political] conflicts and the Organisation of Petroleum Exporting Countries (“OPEC”) rebalancing oil-production quotas.

**Impact on the Industry:**

During an economic downturn, one may observe industries suffering from a number of potential factors. In essence, this would include: fewer investments, associated with general market uncertainty; reduced government expenditure as a result of reduced oil revenues, leading to fewer Government subsidies/benefits; higher costs of funding, a reduction in funding liquidity across the industry, impacts on interbank lending, leading to an increase in interest rates for borrowing to reflect increased belief in market risks (especially for financial institutions); increase in Small Medium Enterprise (“SMEs”) & Mid-Tier Corporate Failures - liquidity and cash flow issues become more prevalent in SMEs especially where tightening on credit terms may affect their liquidity and solvency; cost
rationalisation, seeing financial institutions looking to reduce variable costs (e.g. overhead costs and increased cost pressure, possibly resulting in reduced headcount of the workforce).

**Impact on Consumer Lending:**

During an economic downturn, there are a number of specific changes that would likely occur within consumer lending. Most importantly it would be anticipated that there would be portfolio changes in a bank’s investment profile; asset quality would potentially deteriorate, due to changes in the mix of new to bank customer and changes in overall institutional risk appetite (however, these could remain well-managed, owing to countercyclical buffers the Regulator has imposed in recent years). This would then lead on to further tightening of overall liquidity conditions, which would in turn lead to higher funding costs. Notwithstanding the aforementioned, it is also likely there would be an increased appetite for credit on high risk segments, given the lesser abundance of credit available in the market from which to profit. In turn, this could lead to higher capital requirements given a larger proportion of accounts to hold provisions for.

As expected in a downturn, higher non performing loans ("NPLs") rates are a casualty of consumers failing to obligate their debts as they feel the ‘squeeze’ from the market factors both directly and indirectly. Indeed, S&P - the external credit rating agency - expect credit conditions for Saudi banks to deteriorate in 2016, owing to lower credit growth combined with a rise in funding costs and credit losses (resulting in an increase in credit losses and NPLs). Margin compression whereby costs rise at a faster rate than income would lead to a change in bank’s pricing (and “profit rates”) to reflect their higher cost of funds/operational costs in the weakened economic environment.

**And the Impact on Consumers?**

There is no doubt that an economic downturn will in turn, directly impact consumers on a day-to-day level through factors which may include: fewer jobs available in the market brought about by cost rationalisation and employer failures (some industries are more susceptible than others); lower overall job remuneration/lower disposable income whereby variable pay components and/or government subsidies/benefits are slimmed down or eliminated leading to reduced benefits and reduced variable pay components; less overall available credit in the market for consumers - from banks reducing exposure and restricting lending (loans, credit card balances etc.) and; higher utility costs from higher living amenities (e.g. service charges, electricity costs etc).
Summary - Downturn Chain of Events:

Graph 1 below summarises the points discussed and shows how each event triggers the next. These events which start off at a macro level flow through to the consumer. It’s important to note that these changes below are not an exhaustive list, they simply demonstrate the wider impact that the downturn has, and more specifically highlights the impact on Lending and Consumers. It’s also worth noting that the time from the “Causal Factors” to the “Consumer Impact” is often quite long, as such this lagged affect can sometimes lead to a false sense of how bad the downturn actually is. Banks have understood this lagged concept well, as often decisions and strategy changes need to be observed over long periods of time (monitoring and observing performance on a cohort or vintage basis). Consumers however are less aware, which typically leads to a rather reactive approach. Many consumers will only reduce spending as a direct result on their disposable income; however in some cases this often leads to over-indebtedness and an increased appetite for credit to maintain existing expenditure and lifestyles.

Graph 1

How should Banks Prepare?

The main objective for banks during a downturn is to minimise the impact on potential losses. These losses can occur across the credit life cycle and as such, banks - being the financial backbone of an economy - should quickly and carefully review and enhance strategies to prepare well in advance of such events. The end-to-end process must be well-thought out,
managed, tested and revisited in a dynamic manner (please refer to next table for details (‘The Downturn Integrated Credit Risk Framework’):

- **Originations Management:** banks should enhance originations strategies and policies for new to bank customers. These customers will have a different profile to customer previously booked. These customers are likely to be of a higher risk, have a higher appetite for credit and potentially servicing a number of debt obligations.

- **Portfolio Management:** banks should look to reduce risk and exposures of its existing customers. These customers could be managed with strategies such as credit line decreases; high risk alerts i.e. specific trigger events such as changes in income, velocity of change in outstanding balance or utilisation. Existing behavioural scorecards would also need to be reviewed and re-aligned.

- **Collections Management:** banks should enhance collection strategies, look to incorporate Pre-delinquent strategies and accelerated collection treatments on specific “high risk” segments defined in collaboration with portfolio management and collection teams. Clear segmentation and prioritisation are key to improve collection efficiency.

Overall, banks should look to improve operational efficiencies across the credit lifecycle. This is done through analytically driven decisioning, well defined strategies incorporating automation where possible. Banks should look to reduce costs whilst maintain or improving performance.

### The Downturn Integrated Credit Risk Framework

**Table 1** below is an illustration of what an integrated credit risk framework should look to achieve in the event of a downturn. The key to this framework is “integrated”, often what is overlooked when preparing for such an event is conducting the changes in isolation with little thought on the subsequent impact of change across the credit life cycle. When designing specific strategies across the credit life cycle, they should integrate and factor into each other. For example, behavioural scorecard re-alignment will impact collections directly (specifically pre-delinquent actions). A strong understanding of the downward impact of is necessary to allow collections to plan capacity (potential higher inflow). Collection strategies may incorporate behaviour scores which in turn may drive pre-delinquent strategies and/or accelerated collection treatments.
There are a number of solutions for our Middle Eastern Clients that can be offered in the event of an economic downturn. These actions should be taken to constrain exposure and risk to banks, whilst carefully considering the impact on its consumers who are now in a ‘higher risk of financial stress’.

1. **Client Readiness**: in the event of an economic downturn, ensuring Operations, Process, Information and Technology (“OPIT”) can support strategic changes efficiently and dynamically

2. **Integrated Credit Risk Strategies**: effective strategies have to be developed and executed throughout the credit life cycle integrating changes across originations, portfolio management and collection & recoveries
3. **Risk Mitigation Policies**: ensure risk mitigation policies and procedures are aligned to all strategies prior to the downturn and well communicated and understood across the credit life cycle.

In summary, it is imperative for banks to identify their key success factors in preparing for a downturn. In general, these will include: (1) **“Speed”** in which banks can revise and align strategies across the credit life cycle to ensure any downturn strategies are implemented in a timely manner; (2) the **“Execution Strength”** of new strategies to ensure the efficacy of newly designed and integrated strategies and lastly; (3) **“Risk Mitigation Policies effectiveness”** ensuring appropriate and well defined policies are in place (at which point they are tested in the event of a downturn).

It is important, whatever ‘solutions’ are recognised and implemented by the bank, that they utilise quality internal and external data where available, thus ensuring a full and complete picture of a customer’s exposure and behaviors and more importantly, the associated impact that these strategic changes will have on the bank’s performance.

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**About the Author**

Roshan Mall  
Senior Associate (Qarar)
The Importance of Management Information

The production of effective and timely management information (MI) is a crucial deliverable for every lending organisation, whatever the size and nature of the credit portfolio under review. However, during changing and uncertain economic cycles, such as many lenders across the GCC now face, the production of effective MI and portfolio monitoring becomes even more critical. Organisations that do not adequately monitor their credit portfolios in times of economic uncertainty run the very real risk of incurring unforeseen losses and write-offs that could threaten their asset and capital base.

Effective credit portfolio MI typically measures the quality and performance of the portfolio from the point of the initial credit decision through to the point where the credit instrument (e.g. loan, credit card, etc) is no longer active or has been repaid in full (or written off). Credit Analysts often group the different MI reports into two groups: Front-End Reports and Back-End Reports. Both groups of reports are briefly discussed below.

Front-End Reports are typically used to measure the quality of the initial accept or reject credit decision and also changes to the new account population. Over time, the profile and nature of the new customers that may apply to a bank or other lender for credit products will change and it is vital that the lender understands what these changes are so that the appropriate actions and changes in lending strategies can be made. Critical Front-End reports include:

- **Population stability report**. This report measures changes in score distribution between the original and the current new application population. Over time the type of new customers that apply to a lender will change and this can greatly affect the accuracy of the credit decision tools, for example credit scorecards that the organization uses to make the initial lending decision. Once significant changes have been observed in the new customer population it is essential to make the relevant changes and fine tunes to scorecards and other credit decision tools.

- **Characteristics analysis report**. This is a report that examines population changes at the individual characteristic level (e.g. age, marital status, occupation type, etc.) and highlights when specific characteristics need to be recalibrated in the credit decision process.

- **Final decision report**. The Final Decision Report reports the actual decision made by score band. It shows how many accounts are accepted and rejected at each score band over a period of time and therefore what the acceptance rate is. Potential acceptance rate can also be calculated. It will show the potential approval rate at any score cut-off.

Using this report you can identify overrides easily (both allowed and not allowed in terms of credit policy). This is an important tool to identify the impact of factors outside of a scorecard and where credit policy overrides
the recommended scorecard decision. An example of a Final Decision Report is shown below:

<table>
<thead>
<tr>
<th>SCORE BAND</th>
<th>APPLICANTS</th>
<th># ACCEPTED</th>
<th># REJECTED</th>
<th># OVERRIDES</th>
<th>OVERRIDES %</th>
<th>POTENTIAL ACC RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 170</td>
<td>429</td>
<td>8</td>
<td>421</td>
<td>8</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>170 - 179</td>
<td>567</td>
<td>13</td>
<td>554</td>
<td>13</td>
<td>2%</td>
<td>91%</td>
</tr>
<tr>
<td>180 - 189</td>
<td>444</td>
<td>18</td>
<td>426</td>
<td>18</td>
<td>4%</td>
<td>78%</td>
</tr>
<tr>
<td>190 - 199</td>
<td>321</td>
<td>26</td>
<td>295</td>
<td>26</td>
<td>8%</td>
<td>69%</td>
</tr>
<tr>
<td>200 - 209</td>
<td>452</td>
<td>419</td>
<td>33</td>
<td>33</td>
<td>7%</td>
<td>62%</td>
</tr>
<tr>
<td>210 - 219</td>
<td>411</td>
<td>380</td>
<td>31</td>
<td>31</td>
<td>8%</td>
<td>52%</td>
</tr>
<tr>
<td>220 - 229</td>
<td>639</td>
<td>612</td>
<td>27</td>
<td>27</td>
<td>4%</td>
<td>43%</td>
</tr>
<tr>
<td>230 - 239</td>
<td>398</td>
<td>373</td>
<td>25</td>
<td>25</td>
<td>6%</td>
<td>28%</td>
</tr>
<tr>
<td>240 - 249</td>
<td>578</td>
<td>557</td>
<td>21</td>
<td>21</td>
<td>4%</td>
<td>19%</td>
</tr>
<tr>
<td>250 &amp; up</td>
<td>286</td>
<td>268</td>
<td>18</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Below Cut-off</td>
<td>1,761</td>
<td>65</td>
<td>1,696</td>
<td>65</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Above Cut-off</td>
<td>2,764</td>
<td>2,609</td>
<td>155</td>
<td>155</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,525</td>
<td>2,674</td>
<td>1,851</td>
<td>220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td></td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As per the example above, we need to look at the percentage of rejects above the scorecard cut-off (high side overrides) and the percentage of accepts below the cut-off (low side overrides). If these percentages are significant or unexpected, the override policy needs to be looked at. It may be that the override policy is inappropriate or that the policy is being incorrectly applied or abused. In the above example 65 applicants have been approved even after failing the score cut-off. The reasons for these decisions should be established and performance of the customers specifically monitored to determine whether these overrides were ‘good’ decisions or not.

Back-End Reports focus on the performance of an existing credit portfolio and track key measurements such as delinquency levels, portfolio profitability and revenue and entails monitoring the portfolio’s different key characteristics at regular, pre-defined intervals. Storing data from the monthly billing cycle for each account is the best way to monitor a portfolio’s performance, as each account is recorded at the same point, with regard to payment date, although many banks typically monitor a portfolio’s performance using month end snapshots which is not recommended, especially for revolving credit products such as credit cards. Typical Back-End Reports include:

- **Portfolio Analysis Reports.** Portfolio analysis involves the reporting of key performance measures. These can contain information regarding sales, payments received, credit limits utilized, over limit exposures, delinquency volumes and other fees earned in the period such as insurance fees, late payment fees, etc. It is best practice to run all performance reports at billing or cycle time, as the most accurate up-to-date information regarding the account is available at this time.
• **Transition Matrix (also known as Roll Rate Analysis Report).** This very useful report tracks the change in delinquency status across a portfolio from the previous month to the current month and highlights the number or percentage of accounts that improved in terms of delinquency status, got worse or remained the same. An example report is shown below:

### Transition Matrix

<table>
<thead>
<tr>
<th>Last Month</th>
<th>This Month</th>
<th>Up to date</th>
<th>1 cycle</th>
<th>2 cycles</th>
<th>3 cycles</th>
<th>4 cycles</th>
<th>5+ cycles</th>
<th>write-off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to date</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>1 cycle</td>
<td>39%</td>
<td>28%</td>
<td>33%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2 cycles</td>
<td>17%</td>
<td>16%</td>
<td>23%</td>
<td>44%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3 cycles</td>
<td>11%</td>
<td>4%</td>
<td>5%</td>
<td>23%</td>
<td>57%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>4 cycles</td>
<td>9%</td>
<td>1%</td>
<td>3%</td>
<td>4%</td>
<td>21%</td>
<td>61%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>5+ cycles</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>73%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

To demonstrate how this report can be used let’s consider accounts that were 3 cycles delinquent last month. Along the top of the table we can see the status of the account this month. For accounts that were 3 cycles delinquent last month, 23% are still 3 cycles delinquent, in other words they have paid 1 instalment. They are no better and no worse than they were. Of all the 3 cycle accounts last month, 5% have paid 2 instalments, they are 2 cycles delinquent this month. In order to become 2 cycles delinquent this month, they would have to have paid 2 instalments, 1 to remain at 3, and 1 to improve by one cycle. Of the 3 cycle accounts last month, 4% are now 1 cycle, in other words they paid the equivalent of 3 instalments. 11% of last month’s 3 cycle accounts have cured – they have paid all their outstanding instalments and what was due. They are now up to date. That’s the good news, the bad news is that 57% of the accounts that were 3 cycles delinquent last month are now 4 cycles delinquent. They have not made a payment.

• **Vintage Analysis Reports.** We look at two things when we perform vintage analysis: Firstly, we compare the delinquent distributions of accounts over similar periods of time. Secondly, we compare the delinquent distributions of accounts at the same point in time. Vintage analysis highlights any changes in the application process, including policies as well as the economy and is very useful for showing how the quality of a portfolio can change depending upon in which timeframe the account was opened. An example report is shown below:
The above report types and examples are by no means an exhaustive list of the MI that all lenders need to produce and analyse on a regular basis. However, the ability to produce such MI coupled with the ability to react swiftly and effectively to changes in the credit market has never been more important as we enter more uncertain economic times.

About the Author

Ian Read
Chief of Credit Excellence (SIMAH)
SIMAH Announces Acquisition of Qarar

The Saudi Credit Bureau (SIMAH), the largest credit reporting company in the region, has fully acquired Qarar Consulting LLC, a leading advanced analytics and decisioning service provider, creating the first fully bureau linked-analytics company in the region, with a complete local spread of resources from Business Development, Operations, Pre-sales, Data Scientists and Consultants.

The transaction highlights SIMAH’s continued commitment to progressing advanced analytics services in the region and the confidence in the continuous growth and expansion of the company.

Established in 2013, Qarar has become a leading provider of advanced analytics, decisioning solutions and credit management advisory related services across the GCC markets. Qarar works with both private and public sector clients across the region to deliver outcomes that support predictive modelling, Big Data analytics, automated decisioning and complex consumer banking issues across the customer lifecycle, from acquisition through to retention and recovery.

Qarar has a team of expert international consultants and data scientists, and established partnerships with International analytics providers such as FICO and Principa. Head-quartered in Dubai, Qarar advises the largest global and local clients, with clients in Saudi Arabia, UAE, Kuwait, Lebanon and Pakistan, spanning consumer banks, non-bank financial institutions, Telecoms, government and credit bureaus. In recent years it has developed multiple consumer based predictive models for cross sell, risk management and recovery purposes, taking into account immediate market and regulatory requirements, and has pioneered the integration of Credit Bureau Big Data into the banking environment.

Nabil Al-Mubarak, CEO of SIMAH said:

““There is a growing demand in the region for analytics that generate real and reliable value from data” said Nabil Al Mubarak, CEO, SIMAH. "With this acquisition, we are able to expand advanced, sophisticated, analytics and modelling services into the region, and foster local skills and knowledge in this ever growing industry.”

Zaid Kamhawi, CEO of Qarar said:

“For many of our clients, moving towards data-driven decisioning have become a key corporate objective and an important driver of growth and customer satisfaction. With this transaction the Qarar team has strengthened its focus on bringing the latest analytics tools, skills and techniques to its customers” said Zaid Kamhawi. “Clients have trusted us with helping them make more informed and accurate decisions through analytics and automated decisioning, and we are working on a new era of innovation and ultimate market leadership.”
SIMAH and Qarar Have Become Full Members of BIIA

The Saudi Credit Bureau (SIMAH) and Qarar Consultancy LLC – a wholly-owned subsidiary of SIMAH - have become full members of BIIA, the Business Information Industry Association. BIIA is a Hong Kong-based trade association for providers of a wide range of information services that assist other businesses to manage growth and to reduce risk. SIMAH’s CEO expressed his pleasure in joining BIIA, indicating that it is one of the few industry associations that is able to provide a global perspective on best practices and a wealth of data for members, users, regulators and the general public on the latest developments in credit and business information and its value for users and national economies as a whole. The BIIA library contains over 6,200 posts covering important industry announcements, expert opinions, white papers and presentations. BIIA portal has become an important resource on standards, trends, technological developments and policies.

SIMAH Granted Bank ALJAZIRA the Data Quality Award for 2015

The Saudi Credit Bureau (SIMAH) granted Bank ALJAZIRA the Data Quality Award for 2015 for achieving a 100% level of data accuracy in the contribution of its credit information provided to the credit bureau. Mr. Nabil Al-Mubarak, CEO of SIMAH, gave the Shield of Honor to Bank ALJAZIRA’s team, represented by Mr. Ali Al-Qahtani, Head of SIMAH & Support Division of the Bank. On this occasion, Mr. Al-Qahtani expressed his satisfaction for obtaining this award and he emphasized that this success is the culmination of the strategy of the management of Bank ALJAZIRA led by Mr. Nabil Al-Hoshan, the CEO and Managing Director, and his vision focused on providing the bank’s clients with the best services. He also thanked SIMAH, which has contributed to complete this achievement. It is known that the Saudi Arabian Monetary Agency (SAMA) has always stressed the importance for members to provide SIMAH with accurate and updated data so as to protect and guarantee the rights of the Individuals. SIMAH classifies Members according to the accuracy of credit information contributed to the bureau every month. Through this information, SIMAH can provide its Members with the detailed credit history, whether they are individuals or companies. This credit information helps Members to make better, informed decisions.
SIMAH Hosted "Taqeem Scoring System" Workshop

SIMAH hosted Taqeeem Scoring System Workshop in its Riyadh offices on January 21st, 2016. More than fifty participants attended from eight different Members:

- Banque Saudi Fransi
- Riyad Bank
- Al-Inma Bank
- Saudi Investment Bank
- Al-Rajhi Bank
- Arab National Bank
- Saudi Credit and Saving Bank
- Saudi British Bank (SABB)

During the workshop, the Scoring System and its benefits were explained and demonstrated. Taqeeem is a risk assessment model that evaluates local small and medium enterprise’s risk based on scientific methods. Therefore, to assure quality of the results SIMAH perform frequent workshops to the end users.

SIMAH’s Workshop on Commercial Credit Report Enhancements

SIMAH held a workshop for the banking sector in its Riyadh offices on March 7th, 2016. Moderators of the event were Mr. Bill Coleman, Chief Strategic Planning, and Mr. Mouhannad Abu Abed, Product Manager.

The event focused on enhancements and new features to the Summary Report banks use as part of their risk assessment process. The enhancements to the Credit Report are the outcome of a joint work with sub-committee of the Chief Risk Officers Committee (CROC).

"Overall, improvements to the layout and content of the Bank Summary Report demonstrates SIMAH’s commitment to its members to provide solutions matching their needs,” commented Bill Coleman during the event.

SIMAH Presents Taqeeem to SME Owners

SIMAH SME team visited Riyadh Chamber of Commerce to present Taqeeem to local SME owners on 15th March 2016. Taqeeem is a risk assessment system for SMEs (Small and Medium Enterprises). The system allows Members to evaluate the risk of small and medium companies and generates a risk score. Taqeeem takes into account sectors’ data, SME financials, management and other non-financial aspects. Mr. Mohammad Alyousef – SIMAH SME Manager - presented Taqeeem to the audience whereas Mr. Khalid Al-Hussain – SIMAH Commercial Product Officer - presented SIMAH’s other suite of products aimed at supporting commercial lending and assessment.
Al Kaffary Group Joins SIMAH

Al Kaffary Group has become a Member of the Saudi Credit Bureau (SIMAH) to start contributing and accessing credit information. The agreement was signed by Mr. Nabil Bin Abdullah Al-Mubarak, SIMAH CEO, and Mr. Kaffary Bin Saleh Al Kaffary, CEO and Managing Director of Al Kaffary Group.

Al Kaffary Group, which is one of the leading furniture companies in the Kingdom, expressed its satisfaction for joining SIMAH. It considers this as a positive step that will promote the future growth plans of the Group. Joining SIMAH will allow the Group to take full advantage of the services offered in the field of credit information in order to make quick, informed decisions and ultimately protect the rights of all parties. Al Kaffary Group expressed its appreciation for the efforts exerted by SIMAH in providing valuable services and products that are suitable for all sectors.

On this occasion, Mr. Nabil Al-Mubarak confirmed that having Al Kaffary Group as a member - the first company in the field of furniture - is in line with SIMAH’s strategic plans and goals which were set during its establishment in 2004, aimed at creating in the Kingdom a world-class credit information company in terms of credit and business data coverage, as well as in terms of value-added services for all sectors of the economy. SIMAH bureau now covers all the relevant sectors in the public and private domain and it keeps contributing to make of Saudi Arabia an attractive investment environment.

Mr. Al-Mubarak added: “SIMAH seeks to provide the credit information in order to help its members make quick and objective decisions that enable them to assess risks, identify the credit behaviors and make the right decisions.”

There are now 227 members of SIMAH, representing different sectors of the economy, such as banking and financial, leasing, utilities (telecommunications, water and gas), insurance, government funds, education, health, industrial, real estate and many more. It also covers – and provides services to - some government agencies such as the Ministry of Housing, the Ministry of Social Affairs and the General Investment Authority.
SIMAH’s coverage of individual and commercial credit information keeps expanding. Back in 2005, SIMAH was able to provide 78 credit reports on average for every 100 inquiries. In 2015, SIMAH was able to provide 97 credit reports for every 100 inquiries. This expansion in both depth and breadth allows the credit bureau to give back informative credit reports for the members making enquiries on individuals and businesses applying for credit.

The Saudi Credit Bureau (SIMAH) is the first and sole licensed national credit bureau offering consumer and commercial credit information services to respective members in the Kingdom of Saudi Arabia.

Disclaimer: The views and opinions expressed in this Newsletter are those of the authors, and do not necessarily reflect the official policy or position of SIMAH.

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