

Uganda's Biometric and Smart Card Financial Card System



The early stage problem

Bank Failures in late 1990's

High NPL's in early to mid 2000's

Limited incentive for banks to lend

Disparate ID systems preventing banks from sharing data

Information asymmetry

Limited credit access for the majority where no collateral existed

Borrowing multiplicity between banks

The solution

Establish a banking ID System (FCS)

International Aide (KfW World Bank)

Public sensitization of the need

Mandatory use of the ID system for all banks - all loans and facilities

- Monitor roll out by institution

- Allow reasonable time but use penalties for non compliance

Build a credit bureau with ID system

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The project obstacles

Cost of ID increased cost of credit

Slow response by banks to enroll borrowers caused credit bureau project delays

Project only extended to borrowers

Registration requirements to get a FCS card for rural borrowers of MDI's

KYC confusion by banks until clarified

Realisation that a central bank would have to audit an identity solution

The project's success

Project commenced in 2008

> 560 enrolment centers (branches)

> 900,000 identities issued

* 320% more ID's than projected

* 150,000 new identities issued p.a

* Highly successful CRB Project

* Two Africa ICT Innovation awards

* International Success Case Study

on using biometrics to establish

identities to establish credit bureaus

and getting on and doing it even if you

have no national ID number

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