Business Daily

CREDIT

Why has the credit boom not reached banks yet?

With better data, wider reporting, and smarter lending, Uganda can turn financial access into affordable credit for all everywhere.

Borrowing. |

DOROTHY NAKAWEESI

Barbra Among, the Credit Reference Bureau Association of Uganda executive director, puts it aptly, but also poses a question: the lending gap persists, and what must change.

Credit Reference Bureaus (CRBs), she says, are the backbone of a stable and inclusive credit market. They collect, process, and share credit information on individuals and businesses with authorised lenders, giving financial institutions a clear view of repayment behaviour.

That transparency allows lenders to make fair, consistent, and data-driven credit decisions, rather than relying on guesswork or informal relationships.

For borrowers, CRBs reduce barriers to credit because lenders can see a verified borrowing history.

CRBs also help build a credit footprint, especially for first-time and small-ticket borrowers.

Even modest borrowing, once recorded and repaid, creates a track record that supports access to larger and cheaper credit later.

Unlocking lower interest rates

A positive history can unlock lower interest rates, higher limits, and quicker approvals. Borrowers can also access their credit reports, correct errors, and gradually build a reputation that rewards responsible borrowing.

For lenders, CRBs close information gaps by revealing customers' existing obligations and repayment patterns. This lowers credit risk, helps detect over-exposure, and supports sustainable lending.

Uganda's credit market, Among says, is improving, but formal credit use remains shallow.

Although roughly 77 percent of Ugandans borrow in one way or another, only about 30 percent do so through regulated institutions, and fewer than 10 percent borrow from commercial banks.

The figures point to strong demand for credit, but limited access to safe, formal channels. As a result, much of the borrowing market remains informal, fragmented, and often expensive.

Barbra Among, the Executive Director of the Credit Reference Bureau Association of Uganda, says data sharing and alternative scoring will help more Ugandans move from informal borrowing to safe, formal credit. PHOTO / FILE

Among sees substantial opportunity for growth, with the country needing wider credit footprints, particularly for first-time borrowers, micro-enterprises, and smallholder farmers who often have thin credit files.

Data sharing must also extend beyond banks to tier four microfinance institutions, Saccos, fintechs, and digital lenders.

Broader coverage deepens trust in formal credit, lowers information gaps, and reduces the risk of borrowers taking on multiple unseen loans.

Among says credit data works best when it is comprehensive, noting that government should integrate inputs from banks, microfinance institutions, Saccos, fintechs, and digital platforms.

She says mobile-money activity, utility payments, and digital loan histories can reveal reliability where traditional banking data is limited, because when combined with advanced analytics, these sources allow more accurate risk assessment, help lenders price credit fairly, and expand access without fueling over-indebtedness.

Data quality and timeliness matter as much as breadth. Among calls for real-time or near real-time reporting, standardised formats, and clear accountability for errors.

Borrowers should be able to access their reports easily, understand them, and correct inaccuracies quickly. At the regulatory level, aggregated CRB data can help authorities detect sector risks early, identify pockets of excessive lending, and craft evidence-based policy.

Credit-information sharing

She says, as an association, they are acting on several fronts, with a key focus on widening participation in credit-information sharing, pushing for stronger data integrity and consumer-data protection, and encouraging research and innovation, including work toward a central data hub at Bank of Uganda.

Collaboration is the hinge on which progress turns. Among says lenders must submit complete, accurate, and timely data on all credit products, including digital loans and credit from Saccos and microfinance institutions.

Regulators must enforce standards for accuracy, privacy, and consumer protection. Industry associations, development partners, technology providers, and consumer groups can help integrate alternative data, expand financial literacy, and keep the system borrower-friendly.

Regional alignment on reporting standards and shared best practices would further build trust in credit information across borders.

Among says the association works closely with Bank of Uganda and the Personal Data Protection Office to align reporting requirements, data privacy and consumer safeguards.

It engages ministries and agencies so that credit information reforms support national inclusion and development goals.

Looking outward, Among says global experience offers a road map. Countries such as South Africa, Brazil, and India have built robust bureaus that blend traditional banking data with alternative sources, bringing millions of thin-file borrowers into formal credit.

Uganda, she notes, could adapt these lessons by breaking down data silos, widening participation beyond banks, and ensuring high-quality reporting from every lender and relevant utility.

International practice also shows that inclusive credit systems rely on constant cooperation among stakeholders.

For the next two to three years, the association plans to expand credit-information sharing, while tightening standards and improving data quality.

This seeks to drive innovation through advanced scoring models, predictive analytics, and digital tools, and to scale financial-literacy campaigns that encourage and promote responsible borrowing.

With sustained partnerships and a stronger data backbone, Among believes Uganda can convert high financial inclusion into broad, safe, and affordable formal credit use.

Regulated borrowing

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