



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
REGIONAL OPERATIONS AND ADVOCACY SECTOR

MEMORANDUM No. M-2025- 027

To : **All BSP-Supervised Financial Institutions**

Subject : **Launch of the Credit Risk Database Philippines Web-based Scoring System (CRDPh System)**

The Bangko Sentral ng Pilipinas (BSP) is pleased to announce the launch of the CRDPh System.

1. The Project to establish a credit risk database (CRD) in the Philippines is a joint initiative of the BSP and the Japan International Cooperation Agency. It aims to enhance access to credit of small and medium enterprises (SMEs) by helping financial institutions (FIs) assess the creditworthiness of their SME borrowers, creating a truly inclusive economy for the country. The Project is participated by 33 pioneer FIs.
2. CRD is a large-scale database of anonymized financial, non-financial and borrower performance-related (due dates and past due status) data of small and medium enterprises (SME) provided by pioneer FIs from which a statistical credit scoring model was developed. The CRD scoring model can generate the probability of default and credit score (outputs) of an SME borrower in a particular group of similar attributes. As data is anonymized, CRD does not provide borrower-level credit history unlike existing credit registries/bureaus.
3. Phase 1 of the CRD Project, which started in 2020, involved the construction of database of SME data, and development and validation of CRD scoring model and its deployment to the pioneer FIs through a standalone CRD scoring tool. The ongoing Phase 2 of the CRD project will support the development of new CRD services and a transition plan toward a sustainable, permanent operation beyond the project-based phase.
4. The CRDPh System is an automated platform designed to streamline the secured submission and processing of data and retrieval of CRD outputs. The system was developed to shift the standalone CRD scoring tool into a web-based platform.
5. By complementing existing models and tools, the CRDPh System expects to enhance the FIs' credit risk-based evaluation of SME borrowers, address information asymmetry, improve loan pricing, reduce dependence on collateral, and ultimately support access to finance of SMEs.
6. The use of CRD outputs is subject to the relevant regulatory expectations on credit risk management.

To participate in the CRDPh System and for queries and concerns, please contact the CRD Project Implementation Unit at crdph@bsp.gov.ph or at (632) 87082186. Attached as Annex A is the list of Frequently Asked Questions on CRD and CRDPh System.

For information and guidance.


BERNADETTE ROMULO PUYAT
Deputy Governor

29 July 2025

Frequently Asked Questions (FAQs) on the Credit Risk Database (CRD) and Credit Risk Database Philippines Web-based Scoring System (CRDPH System)

CRD Project

1. What is CRD Project?

The CRD Project is a joint initiative of the Bangko Sentral ng Pilipinas and Japan International Cooperation Agency (JICA) under the Technical Cooperation Program to establish CRD in the Philippines. The Philippines is the first country to adopt CRD outside Japan. The Project expects to enhance the financial institutions' (FIs) risk-based evaluation of creditworthiness of SME borrowers, improve loan pricing, reduce dependence on collateral, and ultimately support access to finance of SMEs.

To effectively implement the Project, JICA appointed CRD Japan to provide technical assistance to Bangko Sentral.

2. What is Japan's experience in implementing CRD?

CRD Japan was founded in March 2001. From 52, its membership as of 01 April 2025, grew to 165, primarily comprising of private FIs, credit guarantee corporations, credit-rating agencies, and government-affiliated FIs.¹ The positive impact in Japan's SME financing landscape and guarantee system after the introduction of CRD include growth in the average annual loans granted to SMEs, increase in guaranteed loans without collateral, and charging of guarantee fee became risk-based (from a fixed rate).

3. How will the CRD apply in the Philippines if it has been developed based on the technology and experience of Japan?

CRD Japan developed its credit scoring model using statistical methodologies and metrics (e.g., logistic regression and accuracy ratio [AR]) that are widely used and thus, can be adopted in developing the credit scoring model of CRD Philippines. CRD Philippines' model is also built using the database containing data of Philippine SMEs submitted by FIs.

4. What is the governance framework for CRD Project?

As part of the Project's governance framework, Joint Coordinating Committee (JCC) and Third-Party Evaluation Committee are constituted.

The JCC is composed of officials from relevant government agencies/institutions, JICA, Embassy of Japan and industry associations. JCC facilitates inter-organizational coordination toward the accomplishment of the Project's key deliverables and targets.

The TPEC is an independent body that objectively evaluates the validity and appropriateness of the construction and validation of the CRD scoring model. For Phase 1, TPEC is chaired by key personnel from Financial Services Agency - Japan, and members include officers/personnel from the Bangko Sentral, selected financial institutions, and University of the Philippines School of Statistics.

Upon project completion, the JCC and TPEC compositions and guidelines will be reviewed to consider the establishment of permanent bodies for CRD Philippines, to ensure the sustainability of CRD, uphold data integrity, and promote the responsible and consistent use of the scoring model.

¹ Membership : CRD Association accessed on 9 May 2025, 12:39PM.

CRDPh System

5. What is CRDPh System?

CRDPh System is a web-based platform that was developed primarily to facilitate transition of CRD from project-based to its sustainable operation in the Philippines. A series of pilot runs were conducted prior to the launch of the CRDPh System. Apart from the credit scoring service, it will be enhanced to provide additional services such as comparison of CRD outputs with the FI's internal rating/score, consultancy service for/analysis of FI's SME client, and statistical information. The FAQs, Terms and Conditions, Participant Registration Form, and Data Privacy Notice for the CRDPh System are available in <https://crdph.bsp.gov.ph>.

Participation of FIs

6. Who are the pioneer FIs and participating FIs?

The pioneer FIs refer to FIs which voluntarily shared data for the construction of CRD database and development of the CRD scoring model. On the other hand, participating FIs are FIs which will utilize and access the CRDPh System to generate CRD outputs and periodically submit data. Thus, participating FIs are considered as both data contributors and users of the CRD scoring model.

While no information of individual borrower is obtained but the statistical data, participating FIs are responsible in ensuring that all data submissions conform to applicable anonymization standards and data protection regulations, utilizing the prescribed templates set by System Administrators. The CRDPh System, for its part, employs encryption methodology and secure transmission channels to ensure compliance with relevant laws and Bangko Sentral regulations on data governance.

7. Are FIs required to use the CRD scoring model?

No. While the Bangko Sentral may encourage its utilization, the FI's use of the CRD scoring model is on a voluntary basis, as such, the FI's management is responsible for determining the appropriate application and use of the CRD outputs. These are intended as additional information to support credit evaluation and approval process. The use of the CRD outputs is subject to the relevant regulatory expectations on credit risk management under the Bangko Sentral's manual of regulations and other applicable issuances or regulations issued by other relevant supervisory authorities.

CRD Benefits

8. What insight does the CRD provide?

The CRD outputs may be used by FIs to:

- a. Assess the capacity of SMEs to repay their loan;
- b. Validate or develop their internal rating systems by grouping customers into categories in accordance with the degree of estimated PD and other parameters set by the FI, such as quantitative and/or qualitative factors; and
- c. Align pricing decisions/strategies with the borrower's credit risk profile.

Once additional services are developed, the CRDPh System will also provide FIs with statistical information on SMEs which will be useful in understanding trends and patterns in the SME sector and formulation of business strategies. Furthermore, the CRDPh System is envisioned to encourage FIs to efficiently manage SME data as they are required to periodically submit SME data to continuously enhance the CRD database.

9. How will FIs with and without own credit scoring model for SME loans benefit from CRD?

FIs without credit scoring model for SME loans will primarily benefit from CRD as it will provide a robust credit evaluation tool for risk-based lending based on a database larger than the FI's database. On the other hand, FIs with existing credit scoring model for SME loans can also use the CRD to validate its internal credit rating system.

10. What will be the cost to FIs to participate in the Project or to become members in the future?

FIs participating in the CRDPh System will incur cost attributable to their data preparation (e.g., cost of human resources and/or system in preparing/anonymizing financial, non-financial and borrower performance data). The use of CRDPh System is currently free-of-charge. In the future, however, guidelines may be issued on the applicable fee structure to sustain the operation of CRDPh System.

CRD Scoring

11. How does PD work?

PD has a corresponding easy-to-understand credit score which ranges from 1 to 100, and they are inversely related. A high PD (considered a low score) signifies high credit risk or a high probability that the borrower will fail to repay its loan obligation while a low PD (considered a high score) signifies low credit risk.

To generate PD using the CRDPh System, FIs will have to input anonymized financial statement (FS) and non-financial data of existing or potential SME borrowers.

12. What is meant by PD and credit score (outputs) of an SME borrower in a particular group of similar attributes?

SME borrowers with similar attributes in terms of the credit risk indicators in the scoring model, such as geographical area, business type, industry, and certain financial ratio, will have similar PD and credit score. This highlights the importance of providing complete information by the FIs to generate more accurate results/CRD outputs.

13. What are the financial indicators used for the CRD scoring model?

The financial indicators used as explanatory variables in the scoring model are turnover/turnover period, solvency ratio, profitability ratio, stability ratio, asset/debt terms, solvency - debt service capacity, growth rate (rate of change) of financial indicators, and balance check items (cash flow and cost).

14. Is it possible to build a robust credit scoring model based on FS of SMEs in the Philippines?

Prior to the project implementation, JICA conducted a feasibility study for the introduction of CRD in the Philippines. The results of the study disclosed that although the quality of FS is not necessarily high in the Philippines, the result of the "Data Quality Examination" confirmed that the development of a scoring model using FS data is fairly realistic. Additionally, the use of the data analytical outputs of CRD will be acceptable as they are calculated based on statistical theory of the Law of Large Numbers. The said theory states that, the results of a test on a sample get closer to the average of the whole population as the sample size grows. That is, it becomes more representative of the population as a whole.²

² The Study for the Introduction of Credit Risk Database (CRD) in the Philippines (available in <https://openjicareport.jica.go.jp/pdf/12344552.pdf>)

In this regard, participating FIs need to periodically submit accurate, complete, and truthful financial, non-financial, and performance-related information of SME borrowers to the CRDPh System, utilizing the prescribed templates or any other acceptable means for data encoding in line with the standards set by System Administrators. The submitted data will be utilized to update the CRD database, refine the CRD scoring model, and for other purposes related to the CRD Philippines operations.

15. What are the reasons the FS-based CRD model is considered reliable?

The CRD scoring model is considered reliable in view of the following:

- a. The AR of the credit scoring model is at 0.6 which means that it has an acceptable predictive power. The validation also shows that the model maintains an acceptable AR and is stable.
- b. The financial indicators used in the model, which were calculated based on the available FS, are correlated to the default variable and are statistically significant in predicting default.
- c. The test on the discriminatory power of the model indicates that the model can discriminate/differentiate between defaulted and non-defaulted SME borrowers.

16. How will the CRD Philippines ensure that its credit scoring model is robust and reliable over time?

The data submitted by participating FIs undergo quality checking and cleansing, and independent model validation is undertaken on a periodic basis, to ensure the scoring model's continued relevance, accuracy, and reliability in generating credit scores over time.

17. What are the differences among CRD, Credit Information Commission (CIC), and credit bureaus?

The table below shows how CRD differs from CIC and credit bureaus:

	CRD	CIC	Credit bureaus
Target Segment	SME borrowers	All borrowers (individuals and firms)	All borrowers (individuals and firms)
Data Collection	- Anonymized SME data (financial, non-financial, performance-related) - To continuously enhance the database, data submission is required upon voluntary participation in CRDPh System.	Submitting entities must submit all credit data of their borrowers	Credit information from the credit registry (as special accessing entity), public records, and lenders through their voluntary submission
Output	- SME's PD and credit score - Benchmark statistics and other valuable information of the SME sector	Specific borrower's credit record, e.g., loan payment history, and status of credit accounts	Specific borrower's credit report and credit score

Unlike CIC and credit bureaus, CRD does not obtain information of individual borrower and does not provide borrower-level credit history. CRD obtains and generates statistical data.