COLLATERAL REGISTRY

RESERVE BANK OF ZIMBABWE

BORROWING MADE EASY
LENDING MADE SAFER

INTRODUCTION

The Reserve Bank has established a Collateral Registry for movable assets in order to expand the range of qualifying collateral accepted by lenders as part of the broader reforms to promote access to finance and enhance financial inclusion. It is expected that this development will immediatly and benefit micro, small and medium enterprise (MSMEs) as well as the household sectors and ultimately boost production.

WHAT IS A COLLATERAL REGISTRY SYSTEM?

The Collateral Registry is a publicly available database of interests in or ownership of movable assets tendered to secure loans. The Registry facilitates secured creditors or to lenders to register security interest in movable assets such as livestock, household goods, crops, business stock and accounts receivable while providing the public with a notice of the existence of such security interest.

The Collateral Registry is established in terms of the Movable Property Security Interests Act [Chapter 14:35] which allows the use of movable assets as collateral for loans.

WHAT IS A SECURITY INTEREST?

A security interest is a property right in a movable asset that is created by an agreement between a lender and a borrower to secure access to a loan or a line of credit.

TYPES OF MOVABLE PROPERTY (COLLATERAL)

Qualifying movable collateral varies from one lending institution to another. However, the generally acceptable movable property include the following assets:

- Agricultural products (livestock, poultry, crops etc)
- Industrial and commercial equipment
- Durable consumer goods and household items
- Agricultural equipment
- Inventory and raw materials
- Gold coins
- Accounts receivable
- Bank Accounts
- Shares
- Patents
- Copyrights and Trademarks
- Oil and Gas
- Minerals
- Money market investments
- Third Party Credit Guarantee
- Group guarantee
- Cession of Life Policies
- Cash cover
- Salary

COLLATERAL REGISTRY SYSTEM BENEFITS AND USE

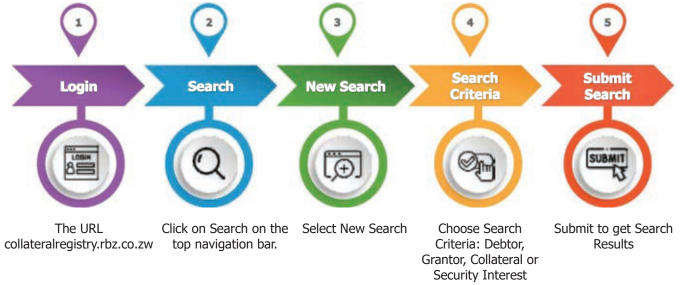
The Registry is accessible by users, such as banking institutions, deposit-taking microfinance institutions, credit-only microfinance institutions, savings and credit cooperative socities and other secured creditors, to register security interest. Other commercial institutions and individuals may also register as users to search the Collateral Registry. The following advantages and benefits shall accrue to lenders, borrowers and the general public upon operationlisation of the collateral registry.

Borrower	Lender	General Public
•Increased access to credit. •Enable MSMEs to leverage their movable assets to obtain credit for growth. •Reduced cost of credit in the long run. •Legal protection on property accepted as collateral. •Continued use and employment of the collateral to realise value. •Allows borrowers to prove their creditworthiness. •Springboard to move from informal to formal financing.	•Remote access to the system. •Reduced costs of loan administration. •Enhanced access to information on borrowers there by reducing information assymetry. •Reduced scope of over borrowing by clients. •Enhanced lender confidence. •Diversification of lending portfolio. •Increased non-bank financial intermediation. •Clear rules of priority. •Promotes prudent lending and risk management.	•Can search the registry before buying goods to ensure that they are free from prior interests and are safe from being repossessed. •Development of industries. •Boost production and create employment: increased access to credit will increase productive capacity and generate employment.

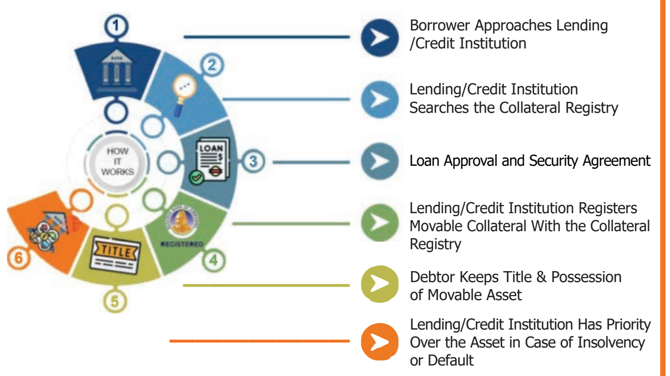
KEY FEATURES

- Single data source for all collateral, all debtors, centralised registry
- Web based system accessible 24/7
- Notice based system, limited information and documents
- Registrations done by creditors or their representatives
- Information available to the public in general for searches
- Nominal registration fees to cover the cost of the operation
- Limited role of registry in verification, not liable for information entered
- Search criteria on identification of debtor and serial numbered collateral
- Secured registry data, data back up

HOW TO PERFORM A SEARCH



HOW THE COLLATERAL REGISTRY



FREQUENTLY ASKED QUESTIONS

1.How do I access the Collateral Registry?

The Collateral Registry is an online platform and can be accessed over the internet using computers and smart phones at any time using the following link: collateralregistry.rbz.co.zw.

2. Can the debtor/borrower obtain a copy of the registration?

The debtor may obtain a copy of the registration from either the secured party or directly from the Collateral Registry by completing a search in the Collateral Registry office or electronically.

3.Can I use somebody else's assets (e.g. family member, neighbour) as collateral for a loan?

A borrower may be granted consent by the owner of a movable asset to pledge it as collateral. For instance, a family member may grant permission for the use of their movable assets as collateral for your loan. In such instances, the owner of the asset would typically be required to sign a security agreement pledging the asset as collateral.

4.Can individuals pool assets and apply for a loan together?

Yes, individuals may apply for a loan as a group, as may be specified by lending institutions. They may use their assets that they own individually or jointly as collateral for a loan.

5.Should there be an agreement signed first with the secured creditor before registering an interest?

There should be an agreement which is a signed, binding document between the lender and the collateral owner. An agreement is arrived at after the lender has carried out an assessment of the value of the movable property against which a potential borrower requires credit.

6.What is a security agreement?

This is the contract between the debtor and the secured party in which the debtor agrees to grant a security interest in their asset to be used collateral.

7.What information is contained in a security agreement?

A security agreement must be in writing and signed by the secured creditor and the debtor. It should clearly identify the secured creditor and debtor and also contain a description of the collateral, the secured obligation and the period of validity of the security agreement.

8.Who completes the registration?

To complete the registration, the secured party must provide all required information in the security agreement and pay the appropriate fees. The Registrar or any employee of the Collateral Registry does not enter any information into the Collateral Registry and is not responsible for verifying the accuracy of the information.

9.What happens if the debtor doesn't pay back a loan?

In the event of default, the secured party has the right to enforce their security interest in the collateral.

10.How can I get more information about the Collateral Registry?

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