

FIVE MINUTES WITH

NATALIE KAFANDARI

For more than 45 years, Infocredit Group has led the way in the provision of commercial and credit information in the region. How has it achieved this?

Holding the most extensive private database of Cypriot and international companies has allowed us to assist companies in improving their internal risk assessment and categorization processes for clients, suppliers or partners. This evaluation is a critical strategic tool that is important to the success of every business. It can be used either during the onboarding of new clients or when selecting a supplier, or as an ongoing procedure, empowering businesses in their effort to protect themselves from precarious scenarios and risky transactions.

What are the challenges for retrieving information on companies in Cyprus?

The main challenge we face is the availability – or rather the unavailability! – of information from official sources. More than 60% of Cypriot companies did not file their annual reports last year and this indicates a culture of non-transparency in the business world, as well as a reluctance to disclose information to third parties.

What are the effects of this lack of information on businesses and the Cyprus market more generally?

Firstly, a lack of transparency can lead to erroneous decisions, either with regard to credit terms provision or even investment. This, in turn, leads to financially healthy companies not getting enough credit, or unhealthy companies getting more credit than they are able to sustain, leading to business failures – we

have seen very large companies in Cyprus go bankrupt, taking their chain of suppliers with them. Furthermore, international investors looking at Cyprus as a potential investment destination will use not only a financial analysis of the company itself but also an analysis of the market and the industry the company operates in. Providing limited or no information on the industry makes it difficult for an investor to take a decision. Lastly, in the long term, the availability of information helps companies evaluate their financial standing compared to their peers as well as the overall industry they are in.



*Operations Manager
Infocredit Group*

How does Cyprus compare with other jurisdictions regarding information availability?

Even though we have seen significant improvements from official sources in the last

couple of years, there are still many gaps when trying to retrieve data on companies. Compared with other European countries, Cyprus is lacking not only in the way information is filed at official Registries but also in the ease of accessing it. This is also evident in the recent *Doing Business report* by the World Bank, where our 'distance to the frontier' in the *Getting Credit* section is 60 out of 100 and we have not seen any improvement in the last few years.

How does Infocredit Group help minimize this lack of information?

The first step we take is to inform companies of the importance of transparency and how it will eventually help them. During the course of our investigation and our communication with them, we explain how providing us with information and being transparent will assist them in getting more credit from their suppliers. Additionally, we have developed sophisticated tools that assist companies in reviewing the cumulative ageing of credit limits of their clients, allowing them to expand sales to creditworthy clients and limit risks by limiting credit terms to non-creditworthy clients. Also, by combining qualitative and quantitative data from various sources, we are able to provide an accurate benchmarking for all industries, assisting companies in predicting credit and other risks. To conclude, information availability helps not only the 'good' companies to acquire credit and expand their businesses but the 'bad' ones can see what they are doing wrong or what their peers are doing better than them in order to increase revenue, reduce costs, mitigate financial risk, and transform their business.