

WELCOME

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उद्धार सुधार

AN INSIDE VIEW
OF A
CREDIT
INFORMATION
BUREAU

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What is Credit Bureau ?

- *Credit Bureau gathers information about how borrowers use credit . This information is used by loan providers to decide whether or not to grant credit to borrowers in future.
- *Nutshell:
 - *It helps borrowers to be responsible in using their credit.
 - *And for lenders to avoid high credit risk.

Why is a credit bureau important ?

- * If I apply for a new loan or credit facility , a loan provider will look at my credit report and will quickly see whether I am a person who repays my debt responsibly and as per the terms of credit repayment.
- * Use: A lender can minimize their risk and will have confidence while granting my credit. By having a look on my credit report.
- * Without the credit report , the loan provider would be less likely to grant my credit or they will charge me much higher interest rate as they need to cover a higher risk of non -performing loans.
- *
- * Consumes less time - Credit bureau help put an end to this time consuming means of confirming someone's by collecting all of the information on a large database.

Credit bureau plays a vital role in our economy :

- * Allow for timely access to credit.
- * Allow consumers and commercial entities to buy now and pay later.
- * Help PI to asses the credit risk so that they are able to extend loans.
- * Help credit grantors exclude non-performing clients from the process.
- * Increases the level of quality economic activity in the country.

Different Credit Bureau in India ?

* CIBIL



* Equifax

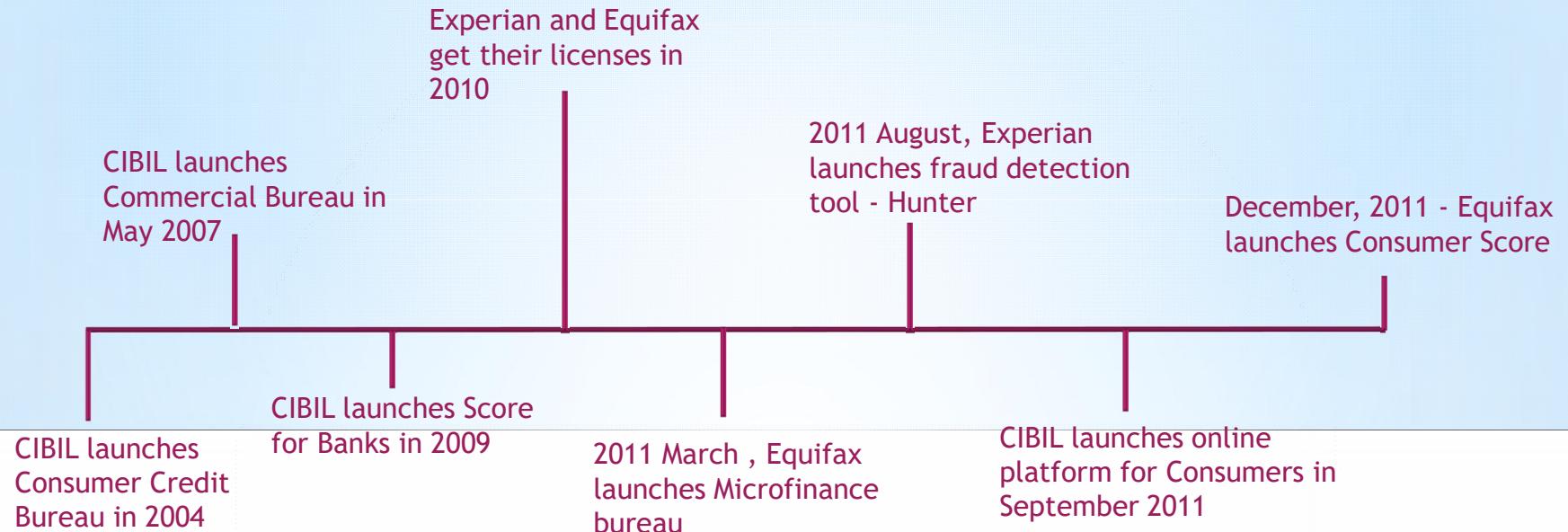
* Highmark



* Experian



Credit Bureau Journey in India



- *Commoditization of Credit Bureau core products*
- *Newer bureaus heat up the price wars to get competitive edge*
- *Innovation in the credit bureau industry; better products in Value*

Added Space

- *Shift in the power - CIBIL to banks*

How does Credit bureau help me as a borrower?

- *Reputational Collateral : By maintaining a healthy credit record and maintaining timely repayments , the credit reference bureau is able to develop a positive profile or a history of how you manage credit.
- *Nutshell: It rewards your healthy credit habits and loyalty to repaying your loan agreements.

Guide to credit report & Credit Score ?

- *Credit Score: A **credit score** is a numerical expression based on a level analysis of a person's credit files, to represent the creditworthiness of that person. A credit score is primarily based on credit report information typically sourced from credit bureaus.
- *How to buy your credit report?

Guide to CIBIL Report

Your CIBIL Report contains a lot of information about you. However, the information in your CIBIL Report can be categorized into six major headings.

Identity
Information

Contact
Information

Loan Account
Details

Payment
History

Credit
Enquiries

CIBIL Score

Credit Report (continuation..)

A snapshot of all your credit accounts in the same place

Identity
Information

First Name, Last Name, Middle Name, PAN Card, Voter ID, Passport Number (whichever identity document was used to apply for a loan)

Account
Information

Outstanding Balances, Types of Accounts, Open Date, Close Date, Repayment Behavior, Settled/Write off status

Enquiry
Information

The enquiries made by the banks on the customer behalf. Dates on which enquiries are made is also shown

Credit Score

Objective view of your credit report - A number that could range anywhere between 300-900

6 ways to keep your Credit Score in check!

Correct
Errors in
your Credit
Report

Pay your bills
On time

Reduce your
card balances

Avoid seeking
too much credit

Keep your
total debt
Under control

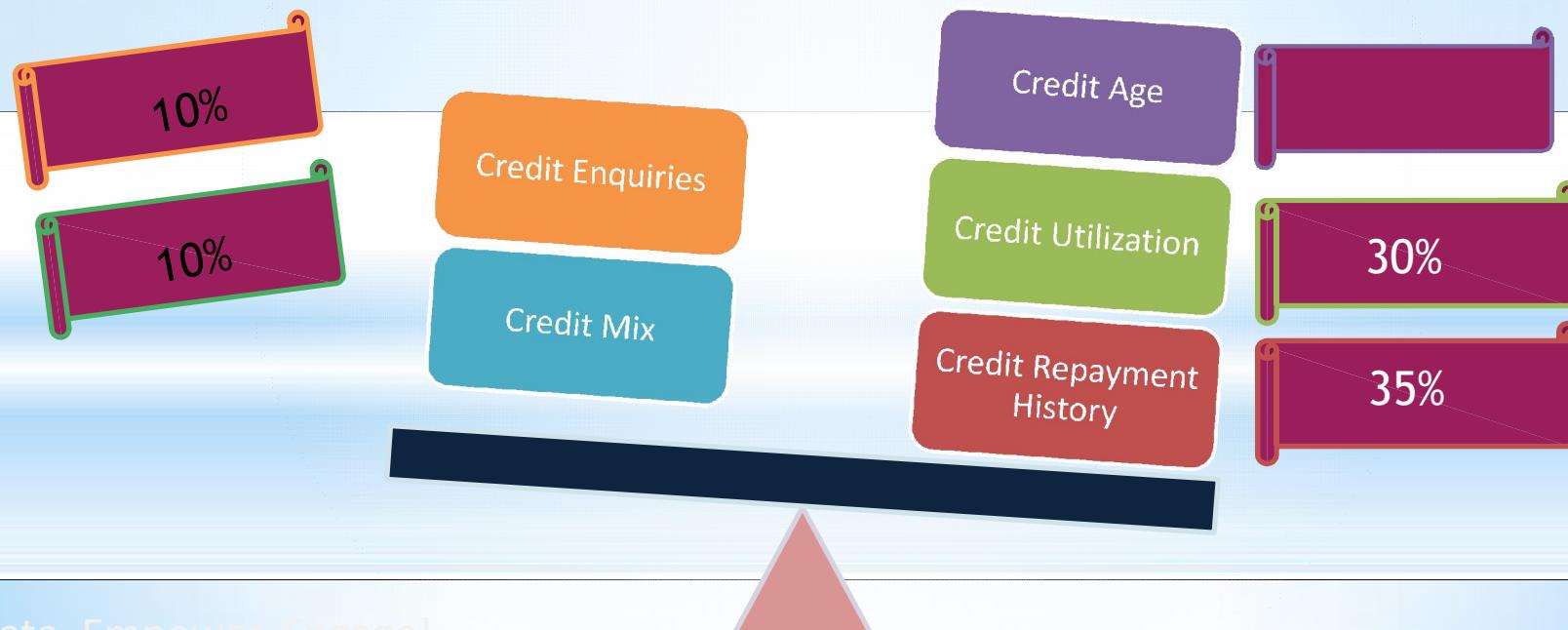
Regularly
monitor
your
report/score

CIBIL Score:



Make up of your CIBIL Score

Measuring your Credit Score



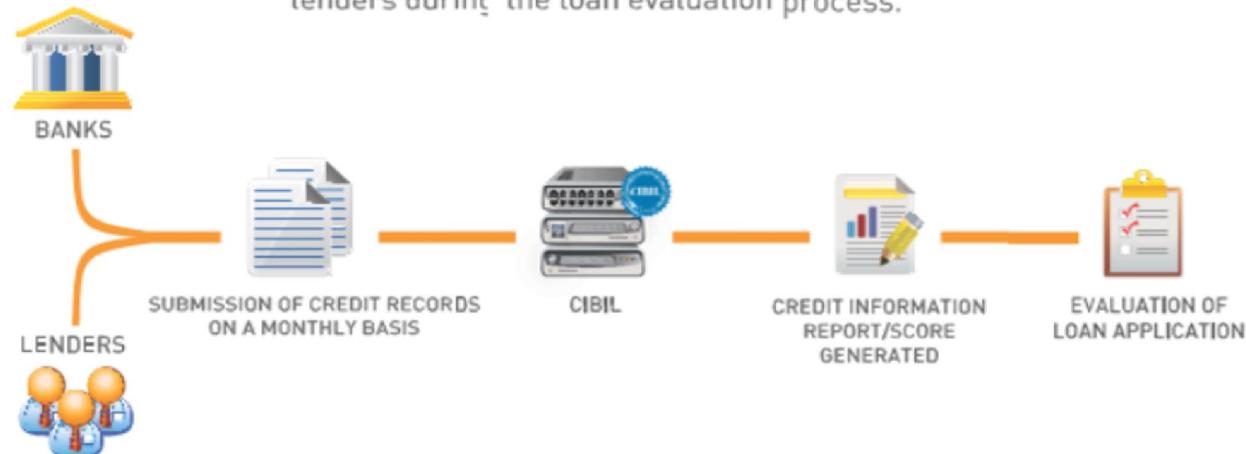
Understanding your CIBIL report : Ref check with attached documents .

ABOUT CIBIL AND THE CREDIT SCORE

WHAT ROLE DOES CIBIL PLAY?

Credit Information Bureau (India) Ltd (CIBIL) is India's first Credit Information Company. We collect and maintain monthly reports (Credit Information Report- CIR) from banks and financial institutions, detailing individuals' loan and credit card payment history.

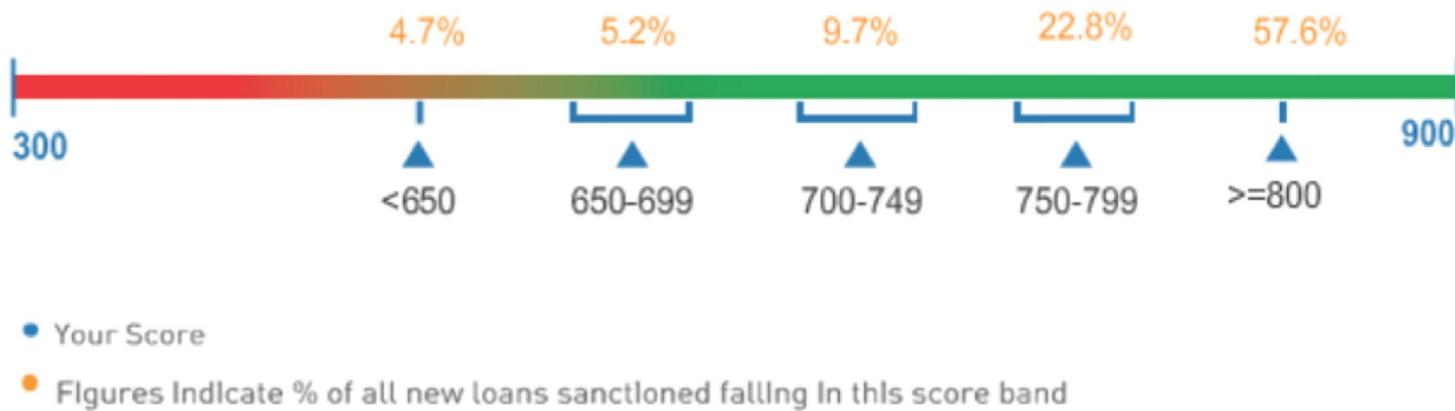
Based on the CIR a Credit Score is generated which is then used by the lenders during the loan evaluation process.





WHAT IS A CREDIT SCORE?

A Credit Score is a three digit numeric summary of your credit history. The value ranges between 300-900. It is derived by using details found in the Accounts and Enquiries section on your Credit Information Report (CIR). It indicates the 'probability of default' of a borrower based on their credit history. (Refer Page No. 06 for more details.)



IMPORTANCE OF CREDIT SCORE IN LOAN APPROVAL PROCESS

WHAT ROLE DOES A CREDIT SCORE PLAY IN THE LOAN APPLICATION PROCESS?

Your Credit Score is one of the first checks that a lender does when they are evaluating your loan application. It's important to know that nearly 90% of the loans are granted for individuals with a score greater than 700.

The higher the Credit Score, the better the chances of your loan getting approved.



HOW DOES ONE DETERMINE THEIR LOAN ELIGIBILITY?

Loan eligibility is determined using information such as Income, Current EMIs, and Credit Score. Once a Credit Score meets the lenders internal credit policy criteria, they then analyse the documents to understand some key points before approving loan application as mentioned below.



* For indicative purpose only.

HOW TO READ YOUR CREDIT REPORT

HOW TO READ A CIR?

A Credit Information Report (CIR) contains detailed information on the credit you have availed, such as home loans, credit cards, personal loans, automobile loans, overdraft facilities. The Credit Report is divided into 6 sections:

CIBIL TRANSUNION SCORE

The CIBIL TransUnion Score reflects your Credit health or your Creditworthiness.



PERSONAL INFORMATION

It contains your Personal details (Name, PAN Card, DOB) as reported by Banks. Make sure this Information is accurate.

PERSONAL INFORMATION			
NAME	DATE OF BIRTH	GENDER	
ARUN KUMAR	14-05-1978	MALE	
IDENTIFICATION TYPE	NUMBER	ISSUE DATE	EXPIRATION DATE
INCOME TAX ID NUMBER (PAN)	AABBB1234C	30-07-2000	-
PASSPORT NUMBER	-	-	-
VOTER ID NUMBER	-	-	-
DRIVING LICENSE NUMBER	MUD19933333	12-12-2006	11-12-2016
RATION CARD NUMBER	-	-	-
UNIQUE ID NUMBER (UID)	-	-	-
ADDITIONAL ID # 1	-	-	-

CONTACT INFORMATION

Various contact details provided by various lenders are recorded here. Up to 4 addresses are mentioned here.

CONTACT INFORMATION				
ADDRESS 1	ADDRESS LINE 2	CATEGORY	STATUS	DATE REPORTED
ADDRESS LINE 1	ADDRESS LINE 2	PRMANI NI	OWN E	12-06-2009
ADDRESS LINE 3	ADDRESS LINE 4			
ADDRESS LINE 5				
STATE	PIN CODE			
TELEPHONE NUMBERS	NUMBER	EXTENSION		
TYPE				
MOBILE PHONE				
HOME PHONE				
OFFICE PHONE				
NOT CLASSIFIED				
E-MAIL CONTACT	E-MAIL ADDRESS 1			
	E-MAIL ADDRESS 2			

EMPLOYMENT INFORMATION

Monthly or annual Income details are captured here as reported by the lenders. As mentioned at the time of loan application.

EMPLOYMENT INFORMATION		
ACCOUNT TYPE HOM - OAN INCOME	DATE REPORTED 10-01-2005 FREQUENCY (MONTHLY/ANNUAL)	OCCUPATION SALARIED INCOME INDICATOR (NET/GROSS)

ACCOUNT INFORMATION

Contains the details of your credit facilities including names of lenders, type of credit facilities (home, auto, personal, overdraft, etc.), account numbers, ownership details, date opened, date of last payment, loan amount, current balance and a month on month record (of up to 3 years) of your payments.

ACCOUNT INFORMATION	
ACCOUNT DETAILS MEMBER NAME ACCOUNT NUMBER ACCOUNT TYPE OWNERSHIP	DATES DATE OPENED / DISBURSED DATE CLOSED DATE OF LAST PAYMENT DATE REPORTED AND CERTIFIED
ACCOUNT STATUS CREDIT LIMIT HIGH CREDIT CURRENT BALANCE CASH LIMIT AMOUNT OVERDUE	RATE OF INTEREST REPAYMENT TENURE EMI AMOUNT PAYMENT FREQUENCY ACTUAL PAYMENT AMOUNT
COLLATERAL VALUE OF COLLATERAL TYPE OF COLLATERAL	STATUS SUIT FILED/WILFUL DEFAULT WRITTEN-OFF AND SETTLED STATUS

The below section represents your payment behaviour. Any irregularity in payment is recorded here. Please check the glossary section to understand the terms in detail.

PAYMENT HISTORY (UP TO 36 MONTHS; LEFT TO RIGHT BEGINNING WITH THE MOST RECENT PAYMENT)

PAYMENT HISTORY START DATE 28-04-2003 PAYMENT HISTORY END DATE 28-11-2009
DD-MM-YYYY DD-MM-YYYY

DPD: DAYS PAST DUE

DPD / AC	000	000	000	000	S-D	SID	000	000	000	000	000	000
MONTH - YEAR	11-09	11-09	11-09	10-09	09-09	08-09	07-09	06-09	05-09	04-09	03-09	03-09

DPD / AC	000	000	000	000	S-D	STD	000	000	000	000	030	000
MONTH - YEAR	11-09	11-09	11-09	10-09	09-09	08-09	07-09	06-09	05-09	04-09	03-09	03-09

AC: ASSET CLASSIFICATION

ENQUIRY INFORMATION

This section details out which lenders are requesting / enquiring for your credit details. The purpose for which the enquiry is made and the approximate amount for it is highlighted in this section.

ENQUIRY INFORMATION

MEMBER NAME
ICICI BANK

DATE OF ENQUIRY
11-07-2006

ENQUIRY PURPOSE
CREDIT CARD

ENQUIRY AMOUNT
50,000

If there are too many lenders enquiring your Credit details (as you may have applied for loans/Credit card with multiple lenders) then this may make you appear "Credit Hungry" which can be viewed negatively.

LOAN REJECTION AND DISPUTES

WHY ARE APPLICANTS ASKED TO CONTACT CIBIL IF THEIR LOAN HAS BEEN REJECTED?

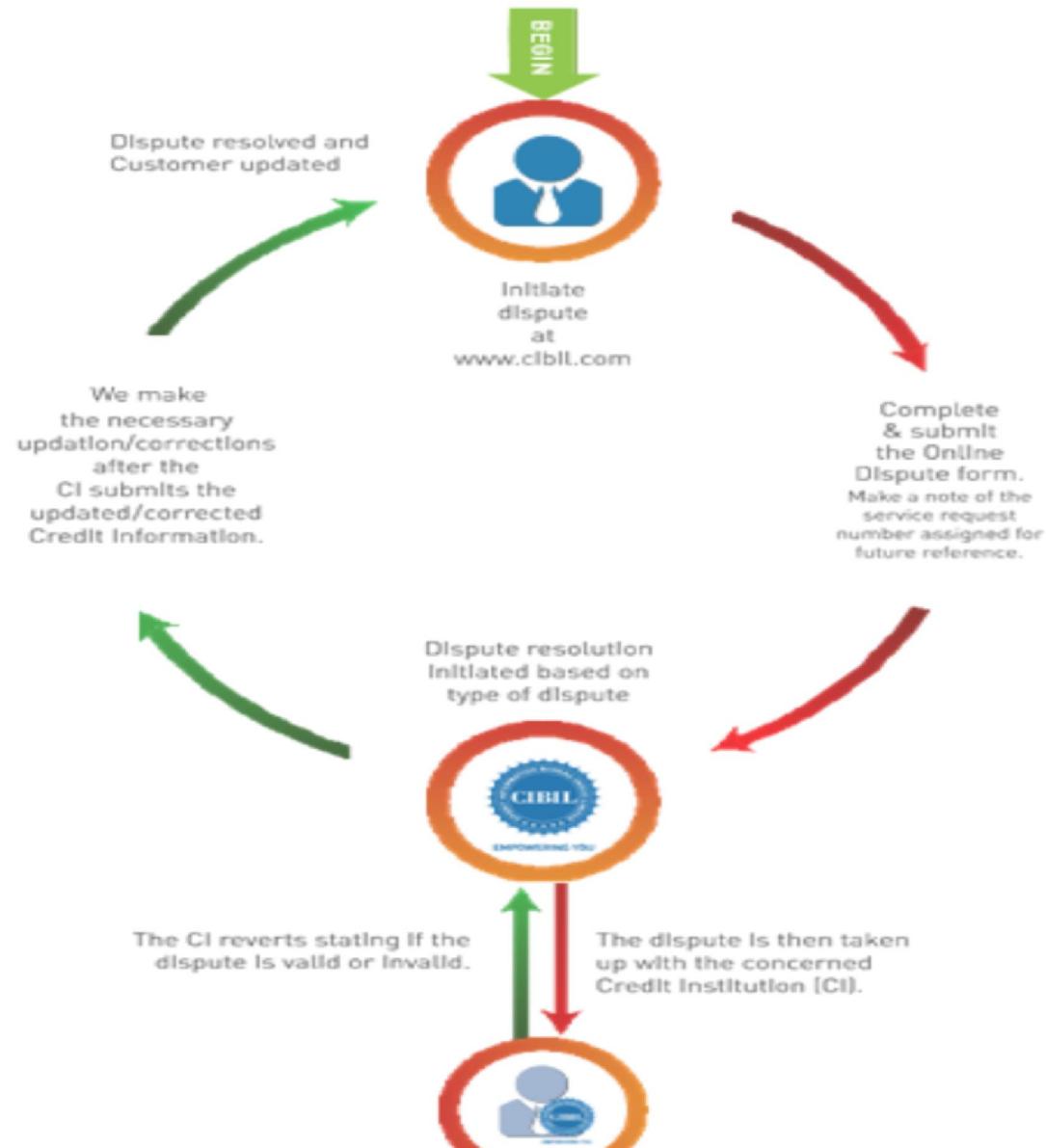
One of the parameters considered by lenders when evaluating a loan application is the Credit Score. The loan would have been rejected because the Credit score does not meet the lenders Internal Credit policy criteria. By contacting CIBIL you can purchase your Credit Score and CIR and understand your credit history in detail. The report will indicate the areas that are adversely affecting the Credit Score or will help you identify any discrepancies/errors that may be reflecting against your name.

WHAT ARE THE TYPES OF DISPUTES/ERRORS THAT CAN BE RAISED WITH CIBIL?

YOU CAN CONTACT US IF YOU NOTICE ANY ERROR IN YOUR REPORT. THE TYPES OF DISPUTE THAT CAN BE RAISED ARE:

1. Personal Information: Information such as Name, Date of Birth, Pan Card, Address, etc.
2. Account Information: Information such as Account/Loan Type, status, date of last payment, current balance, amount overdue etc. can be disputed. If you purchased your CIR within 45 days of making the last payment, it may not be updated yet. However, if the 'Date Reported' is older than 2 months, write to CIBIL to update the information.
3. Ownership: Make sure all personal details and accounts belong to you. If an account does not match, raise a dispute.
4. Duplicate Account: If the same account is reflecting more than once, you can get this rectified.

DISPUTE RESOLUTION PROCESS



CASE STUDY SCORE

HOW A 'GOOD' CREDIT HISTORY HELPS IN GETTING LOWER RATES FOR LOANS?

Mr. Roy wanted a car worth 10.29 lacs, he had 4 lacs and needed an auto loan of 6.29 lacs. He applied for a loan from Bank A, who offered him a quote of 11.70% for a 5 year period; the EMI would be 13,897. Mr. Roy also approached Bank B, who checked his Credit Information Report and Credit Score and offered a lower rate of 11.30% for the same term, bringing down the EMI by 126. Mr. Roy called Bank A to decline their offer since Bank B had given him a better quote. On learning this, Bank A matched the offer by giving him a rate of 10.34%; the EMI would be 13,470, resulting in a total saving of 25,604 over the 5 years. Mr. Roy's good credit history, credit score, and financial discipline earned him almost a 3% discount on an auto loan.

THANK YOU