

# IMPORTANCE OF CIBIL SCORE

**Presented By :-  
Auriga Corporate Advisors Private Limited.**

# Loan Approval Process

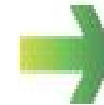
APPLICANT FILLS A  
LOAN APPLICATION FORM



HANDS IT OVER TO  
THE BANK



BANK CHECKS WITH  
CIBIL FOR CREDIT SCORE  
& REPORT



HIGH CREDIT SCORE  
LEADS TO ELIGIBILITY CHECK  
BASIS DOCUMENTATION



Low Credit Score  
leads to  
Loan rejection



Non eligibility  
leads to  
rejection of application



Eligibility  
will lead to  
Loan approval



# What Is CIBIL?



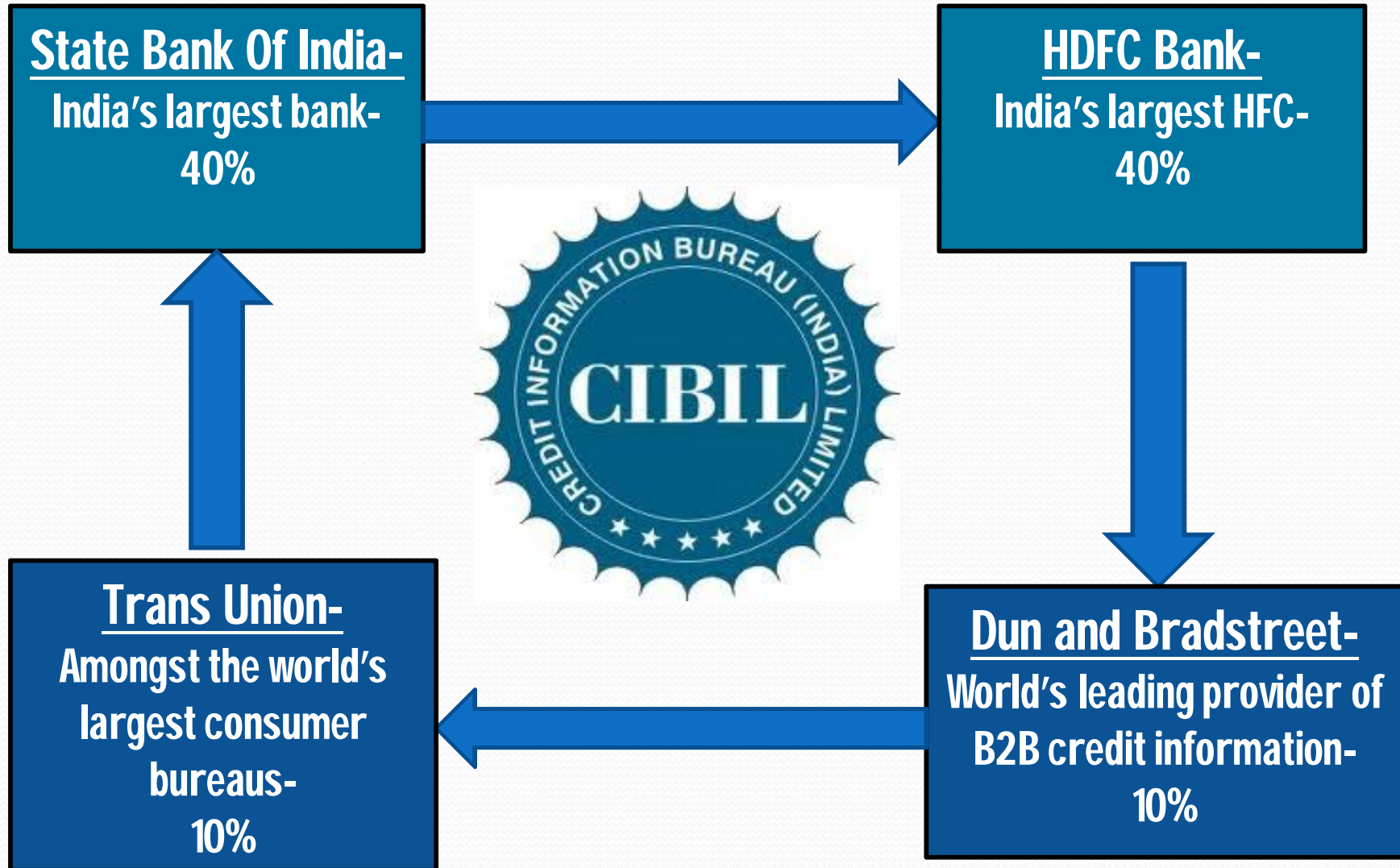
- India's first Credit Information Company founded in August 2000.
- Established by the Government of India and the RBI.
- Risk management partner for all lending institutions in India.
- Information about the credit history and repayment records of commercial and consumer borrowers submitted to CIBIL by banks (entitled by legislation) and other lenders.
- Create Credit Information Reports (CIR) and credit scores.
- Help lenders to evaluate and approve loan applications.

# What Is CIBIL? (Contd..)

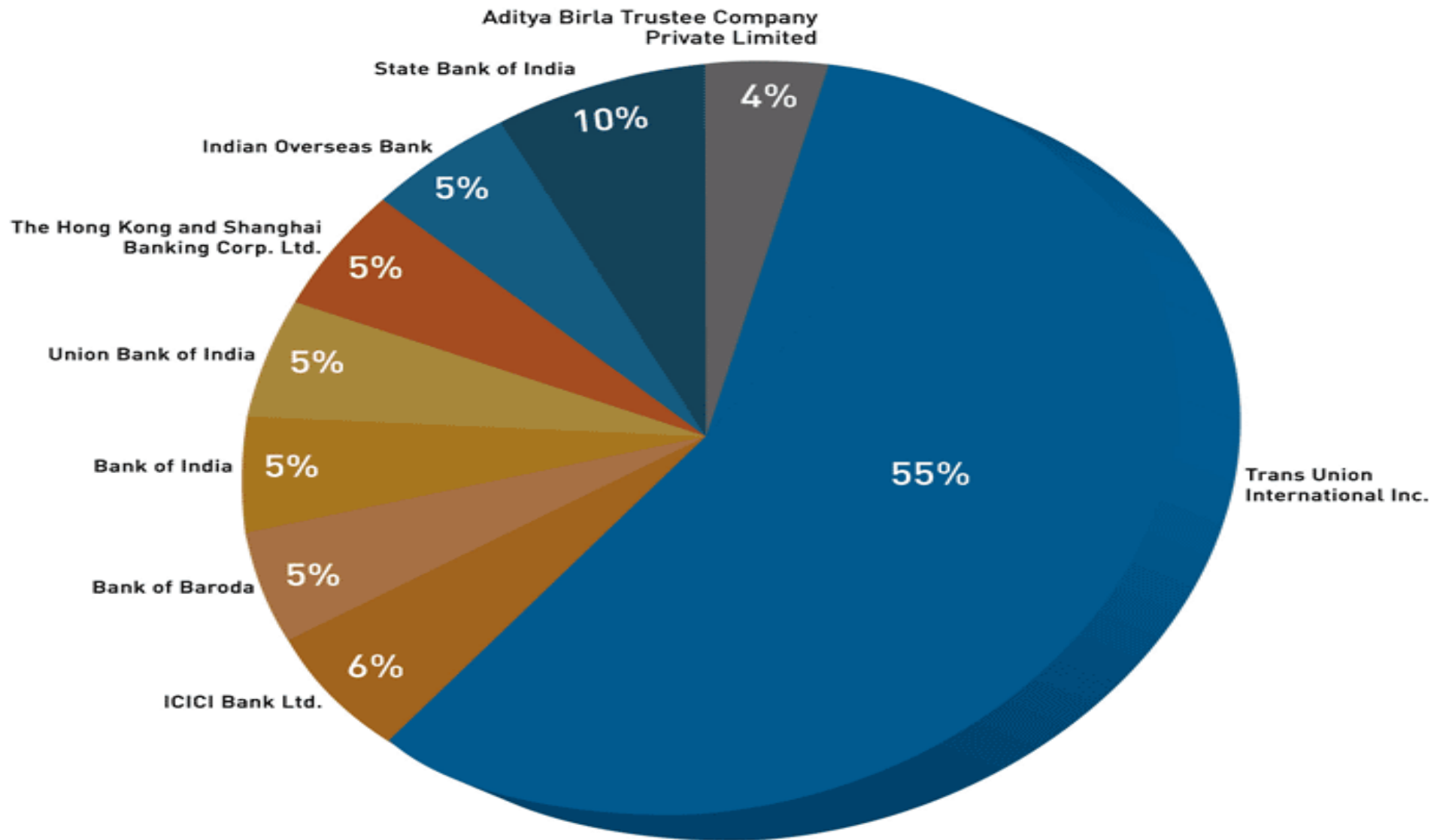
- 360 credit grantors membership with CIBIL
  - A) 181 Commercial Banks,
  - B) 25 HFC's,
  - C) 10 Financial Institutions,
  - D) 8 SFC's,
  - E) 131 NBFC's & Credit Card Companies.
- Approx. 4 million consumer records maintained in 2004.
- Approx. 0.6 millions of commercial records maintained in 2007.
- Approx. 262 million of consumer records and 12.5 million of commercial records maintained in March 2013.



# CIBIL- The Promoters



# Shareholding Of CIBIL



# Participants of CIBIL

- Banks
- Financial Institutions
- Non-Banking Financial Companies
- Housing Finance Companies
- State Financial Companies
- Credit Card Companies

# How Does CIBIL Operate?



To members when  
evaluating loan application

To individuals to review  
their credit history



# Products and Services

## 1.Consumer Credit Information Report (CIR):-

- Based on the information of individual borrowers.
- Used by credit grantors at the time of new customers applications.
- Contains information about credit histories of all borrowers
- Enables institutions to make sound lending decisions.
- CIR's help credit grantors to grant credits faster with efficiency
- Which helps to grow the business as well.

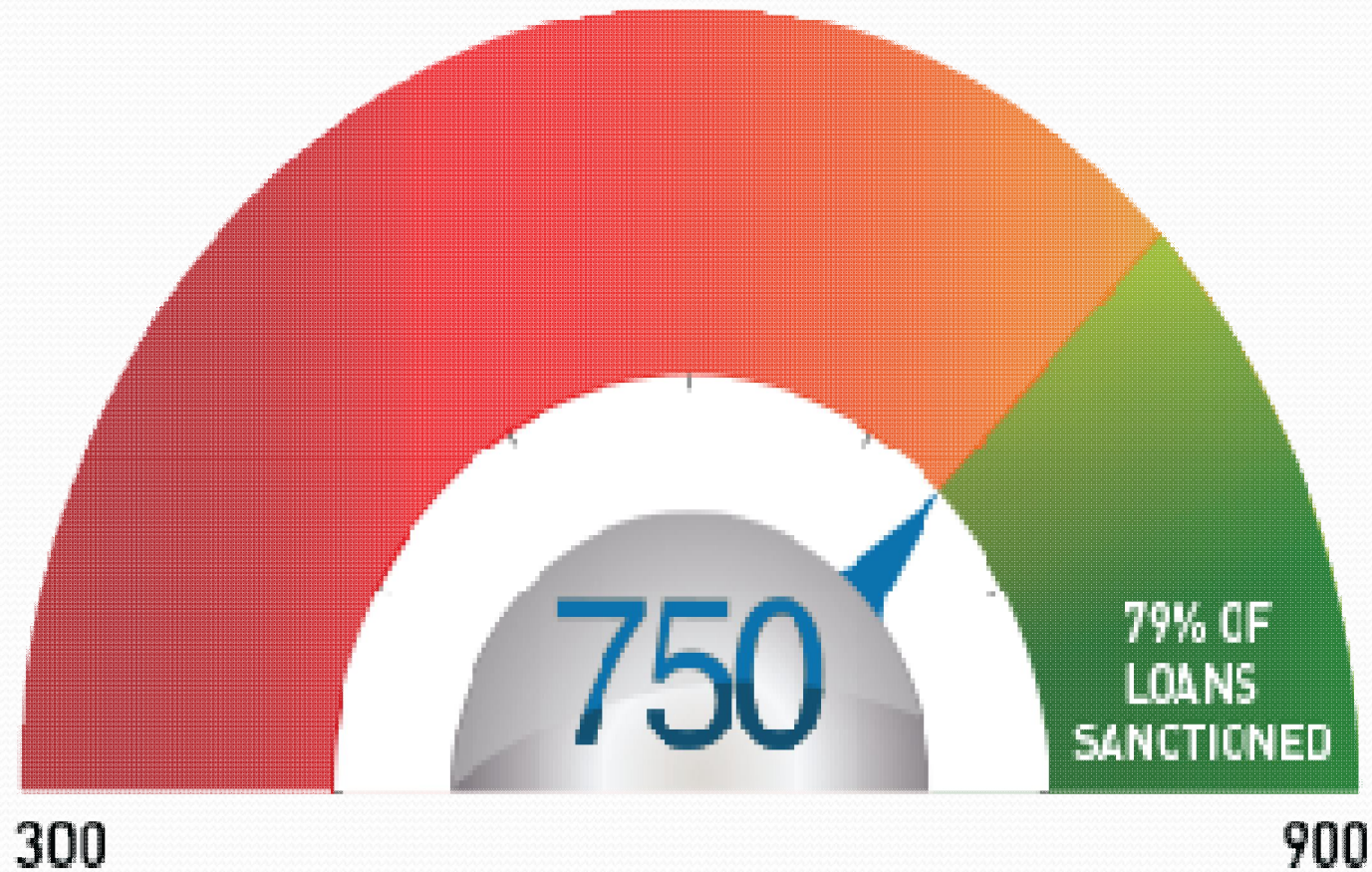
## 2. Company Portfolio Review Report:-

- Credit grantors can ascertain the risk involved with the current portfolio of old customers.
- Credit grantors can understand the relationship of the borrower with other multiple lenders.
- Credit grantors can improve their portfolio performance and enhance portfolio returns
- Can maintain good relationships with all customers and business clients.

## 3. CIBIL TransUnion Score

- 3 digit numeric summary of the credit history.
- Indicates the financial and credit health.
- Score ranges between 300-900.
- Higher the score, higher chances of loan approval.

# CIBIL Score



**Aagey badhne ke liye naam nahi, number zaroori hai!!!**

## **Credit score = '0'**

- Credit History for the period < 6 months.
- Account opening date < 6 months from current date.

## **Credit score = '-1'**

- Account information not available.
- CIR does not have account information except enquiries.
- Last date reported or date closed older than 24 months.

**Some credit institution prevent loan application with 0 or -1 score**

# Know Your CIBIL Score

- Online Application.
- Pay the requisite processing fees.
- Complete the online authentication process.
- Online delivery of credit report on the email provided.

# Significance of CIBIL Score

- Shows possibility of a failure of more than 91 days of loan payment.
- Indicates the financial and credit health of the borrower.
- Authenticity of information as decided by 2 institutions- Credit Information Bureau (India) Ltd and TransUnion.
- More than 90% of the applicants - **700+ Score.**
- Approx. 4.7% applicants - **< 650 score.**
- Average Score:- Between **750-799.**

# Contents of Consumer CIR

## Borrower's information

### Personal:-

- Name and address
- Date of Birth
- Telephone numbers
- PAN and Passport details
- Voters ID

### Account:-

- Type of Credit Taken
- Amount of credit
- Outstanding Current Bal.
- Days of overdue payment



# Contents of Commercial CIR

## Borrower's Information:-

### Personal:-

- ❑ Registration number
- ❑ Relationship details
- ❑ Borrower's inquiries
- ❑ DUNS number

### Account:-

- Number of Credit facilities
- Status of a suit filed
- Guarantor's details
- Borrower's assets' classification

# Exclusion From The CIR

- Income/Revenue details
- Amount(s) deposited in the bank.
- Details of borrowers' assets
- Value of assets mortgaged
- Details of Investments.



**CIBIL CONSUMER CREDIT INFORMATION REPORT**

CONSUMER NAME: ARUN KUMAR

DATE: 09-11-2009

TIME: 12:07:45

CN: 148,519,780

**CIBIL TRANSUNION SCORE**



**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	-	-	-
DRIVER'S LICENSE NUMBER	MH019933333	12-12-2005	11-12-2016
RATION CARD NUMBER	-	-	-
UNIQUE ID NUMBER (UID)	-	-	-
ADDITIONAL ID # 1	-	-	-

**CONTACT INFORMATION**

ADDRESS 1	ADDRESS LINE 2	CATEGORY	STATUS	DATE REPORTED
ADDRESS LINE 1	ADDRESS LINE 2	PERMANENT	OWNED	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				
E-MAIL ADDRESS 3				
E-MAIL ADDRESS 4				

CONSUMER NAME: ARUN KUMAR

**3** **EMPLOYMENT INFORMATION**

**ACCOUNT TYPE**

HOME LOAN

INCOME

FRE

**4** **ACCOUNT INFORMATION**

**ACCOUNT DETAILS**

MEMBER NAME  
ACCOUNT NUMBER  
ACCOUNT TYPE  
OWNERSHIP

**ACCOUNT STATUS**

CREDIT LIMIT  
HIGH CREDIT  
CURRENT BALANCE  
CASH LIMIT  
AMOUNT OVERDUE

**COLLATERAL**

VALUE OF COLLATERAL  
TYPE OF COLLATERAL

**PAYMENT HISTORY (UP TO 36 MONTHS)**

PAYMENT HISTORY START DATE

**DPD: DAYS PAST DUE**

DPD / AC 000 000  
MONTH-YEAR 11-09 10-09

DPD / AC 000 000  
MONTH-YEAR 11-09 10-09

DPD / AC 000 000  
MONTH-YEAR 11-09 10-09

**5** **ENQUIRY INFORMATION**

**MEMBER NAME**

ICICI BANK

**DATE**

11-07-

# What Do Lenders Look For In CIR?

- **Debt Burden Ratio**
- **Past Payment Behavior**
- **Status of filed suits against borrower**
- **Credit Score (High or Low)**
- **Loan Accounts or Credit Card Account**

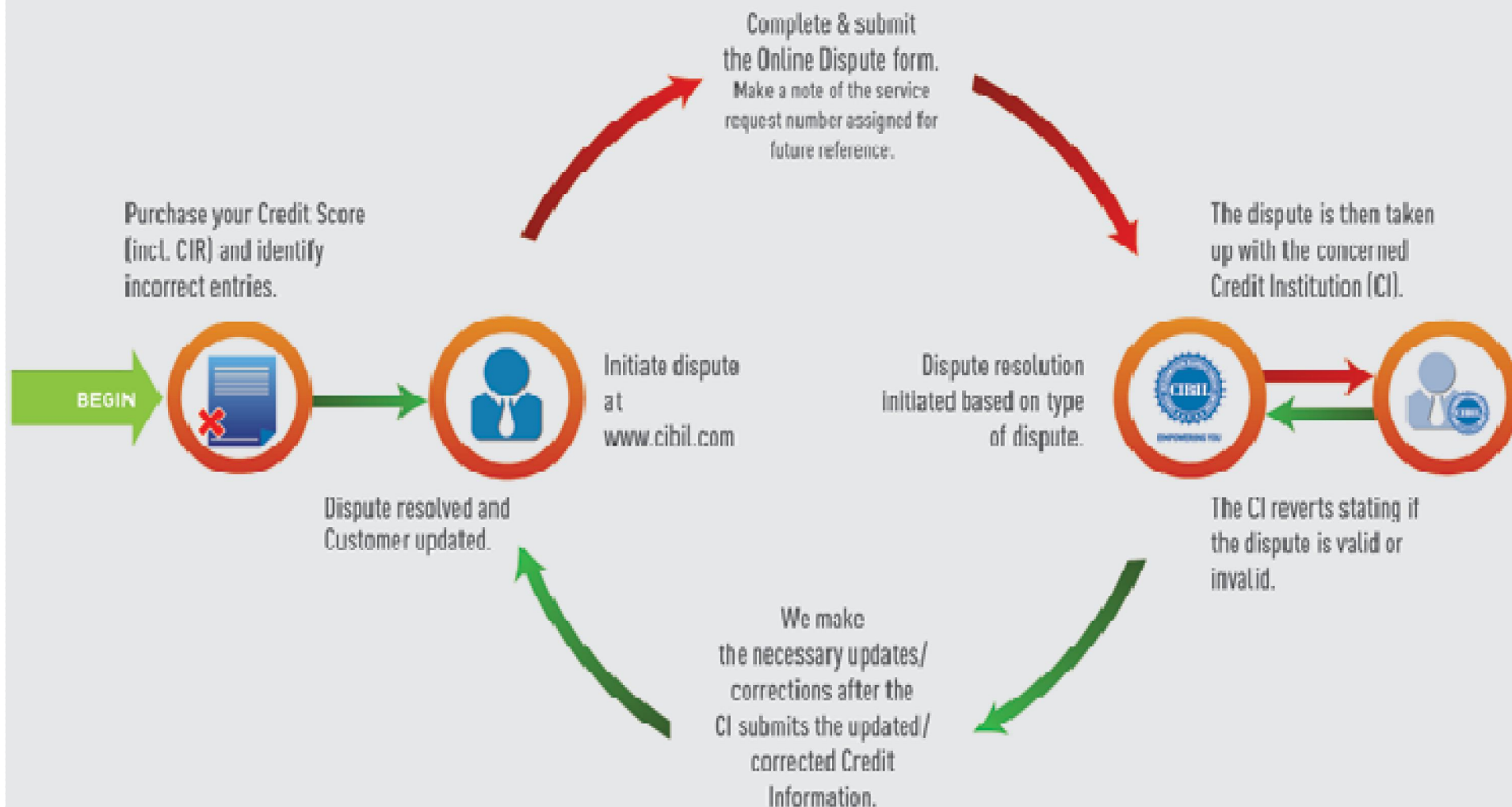
# Common Errors Found in CIR

## Reporting

- ❑ Wrong Current Balance or Amount Overdue
- ❑ Incorrect personal details
- ❑ Wrong details of ownership of one or more accounts that belong to the borrower.

Follow Dispute Resolution Process for rectification.

# Dispute Resolution Process



**TOTAL DISPUTE RESOLUTION TIME OF 30 DAYS\***

\*Subject to the time taken by the CI.

# Benefits Of CIBIL

## For Credit Grantor:-

- Know more about the credit worthiness of all borrowers.
- Effective decision about grant of credit
- Maintain competitive advantage.
- Ascertainment of repayment ability of borrowers.
- Lower cost of credit evaluation due to automated decision- system
- Quick and efficient credit approval process.

# Benefits Of CIBIL (Contd..)

## For Borrowers:

- Faster access to credit, if the score is good enough.
- Reduced cost of borrowing
- Easy credit assessment and approval process,
- Reputation for those borrowers who follow a correct and timely repayment behavior
- Becomes more responsible towards financial commitments.



# What Impacts Your CIBIL Score?

10%

Types of credit used

You can benefit by using different credits like credit card, personal loan, car loan, home loan.

10%

Recent search of credit

Don't enquire for the loan if you really don't need it. More enquiry means more desperation for cr.

15%

Length of credit history

More longer credit history means more impact so over long term if your highly responsible with credit, is good for you.

30%

Credit Utilization

How much debt you have compared with capacity set by institutions.

35%

Payment History

How often you miss your payments will have high impact on your credit report. If not missed, more good.

# Brain Storming

Will the credit score get affected in the following cases?

- Delay in payment or non-payment of credit card dues
- Delay in payment or non-payment of loan installment
- Payment of minimum charges on credit card
- Delay in payment of electricity bill
- High volume transaction in credit card or excess usage
- Frequent enquiries for loan or credit card
- Longer credit history
- Settlement of credit card dues or personal loan or other loans
- Waiver of credit card dues or personal loan or other loan
- Upgradation of Accounts

# CREDIT SCORE MUST FOR HAPPY MARRIAGE







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