

Her Loan Amount Is Small Her Dream Isn't!

Welcome to the **score that does good.**



CIBIL Microfinance Score

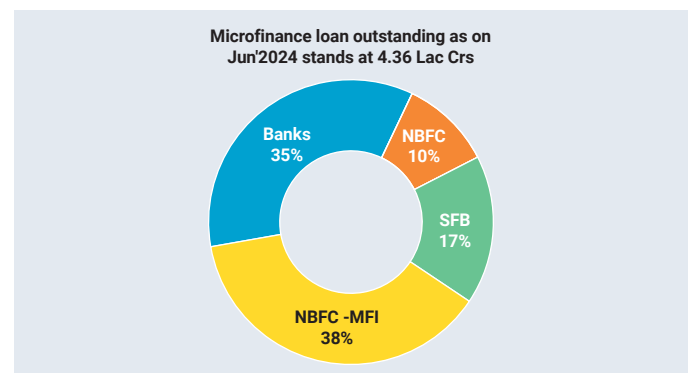
Unique score for more confident microfinance lending

Finding a lucrative balance between risk and return is imperative and therefore to keep up, lenders need analytical tools that enable quicker and more informed credit risk decision making. The microfinance borrower characteristics are unique and hence need much nuanced analytics to measure, manage and monitor the behaviour of these borrowers.

TransUnion CIBIL brings to you **CIBIL Microfinance Score** which is -

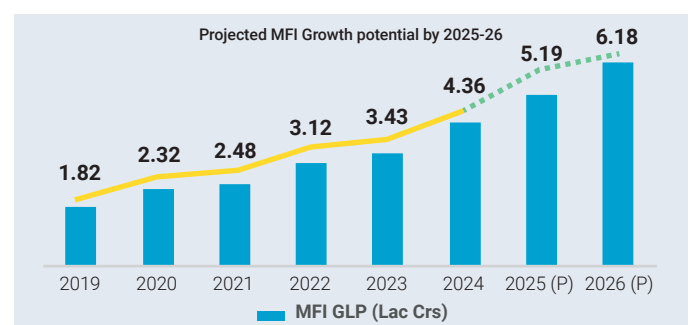
-  An objective credit behavioural scorecard for microfinance borrowers.
-  Based on the pan-India micro finance borrowers' data available with TransUnion CIBIL.
-  Aiding the traditional manual credit assessment process.
-  Aiming to strengthen the credit risk framework and underwriting standards specifically in the MFI lending landscape.
-  Helping in better informed decisioning thereby lowering credit risk, improving asset quality, cost efficiencies and faster TATs in loan sanctioning decisions.

Microfinance Industry is one of the growth areas which contribute significantly towards sustainable development of that strata of Indian population who otherwise have no or very minimal access to formal finance for want of collateral support. Microfinance, often referred to as 'collateral-less micro credit', helps bridge this gap and widen the coverage of formal financial inclusion as well as awareness.



Microfinance Credit is aimed at supporting women empowerment initiatives, economic as well as non-economic benefits, creating more employment opportunities thereby improving the socio-economic status.

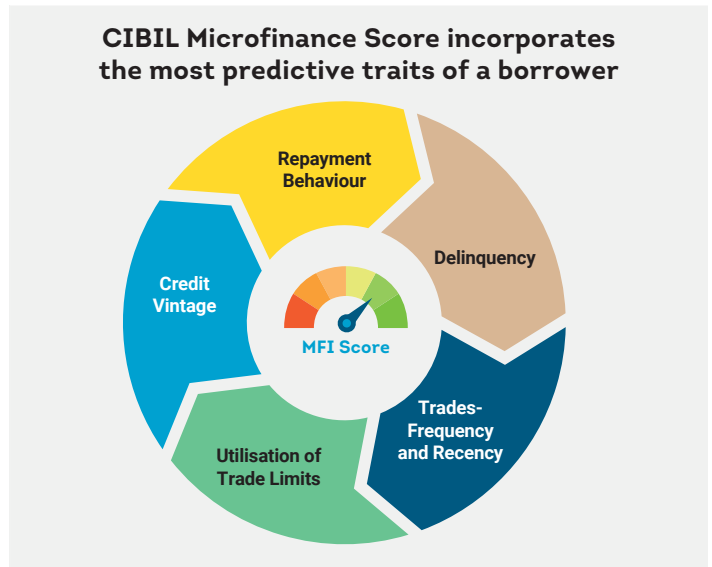
While the Microfinance Credit has grown over the past few years but to sustain the aspirational future growth projections, a Score based objective credit risk assessment is required.



Source: TransUnion CIBIL Database

CIBIL Microfinance Score provides

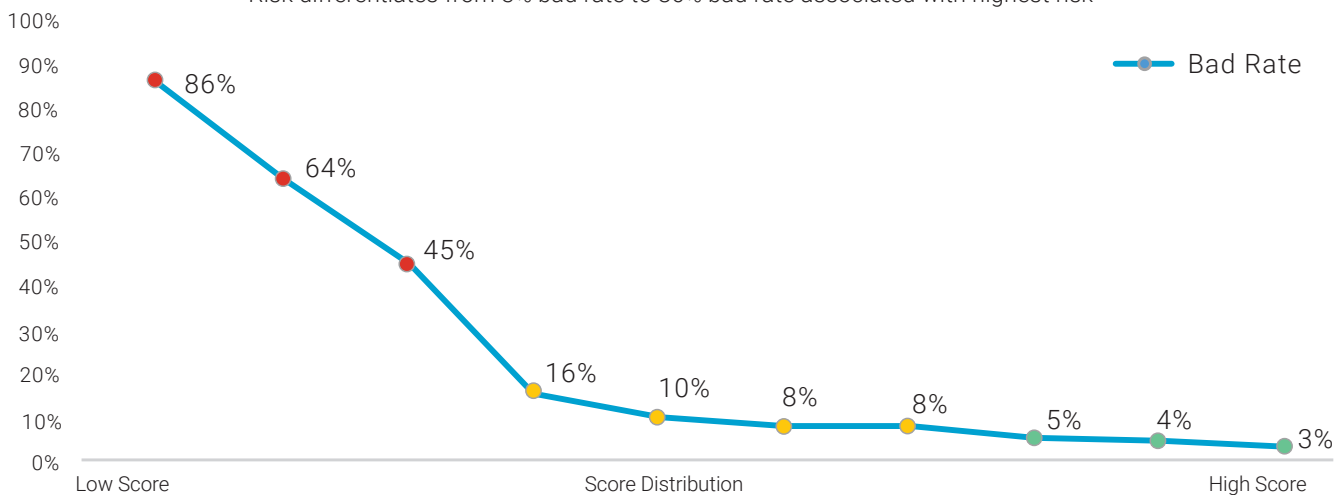
- A better way to identify a borrower's credit worthiness using trended credit behavioural aspects instead of looking at only snapshot view.
- An easy and data driven credit risk score to credit institutions for better acquisition and portfolio management strategies.
- Applicability across the loan lifecycle – acquisition to portfolio management, monitoring and more effective collections and recovery frameworks.



CIBIL Microfinance Score provides strong differentiation from low-risk to high-risk microfinance loans behaviour.

Score Distribution

Risk differentiates from 3% bad rate to 86% bad rate associated with highest risk



All trades which are live* as of Mar'21 and their performance being looked at for next 12 months.

How the CIBIL Microfinance Score works

- Across-the-board characteristic statistical tools were used to develop a robust credit risk model. The score helps the lenders identify the credit riskiness on one or more microfinance tradelines. And can be used across multiple credit products and the MFI and consumer lifecycle from acquisition to origination to portfolio management.
- It provides a score for MFI Borrowers exclusively on MFI tradelines. The Score Output for -1 is provided for individuals who have no credit or only SHG trades footprint on the TransUnion CIBIL MFI bureau.
- It is only applicable to JLG loans (Joint Liability Group).

