

# Microfinance CreditVision<sup>®</sup> Algorithms

## The Evolving Landscape of Microfinance Lending

India's microfinance sector continues to expand, enabling millions of underserved individuals to access formal credit through Banks, NBFC-MFIs, NBFCs and SFBs.

As borrowers increasingly access multiple credit facilities, either across lenders or within a single institution, financial institutions need a more comprehensive view of borrower exposure and evolving credit behaviour. Beyond managing rising risk, a deeper view of borrower behaviour helps identify creditworthy borrowers and unlock opportunities for responsible and sustainable growth.

Without deeper visibility into borrower behaviour over time, lenders may struggle to:

1. Accurately assess borrower credit risk
2. Detect emerging credit stress
3. Identify the right borrowers for responsible lending
4. Unlock sustainable growth opportunities.

## Introducing Microfinance CreditVision<sup>®</sup> Algorithms

Leverage historical trended bureau data to deliver deeper credit insights into borrower behaviour over time.

These algorithms enable lenders to better understand evolving credit risk dynamics while also identifying eligible and creditworthy borrowers for responsible growth.

By capturing key indicators such as repayment patterns, lender exposure, credit utilization, and delinquency trends, **Microfinance CreditVision<sup>®</sup> Algorithms** support more accurate risk assessment, improved borrower selection and stronger credit decision making across the lending lifecycle.

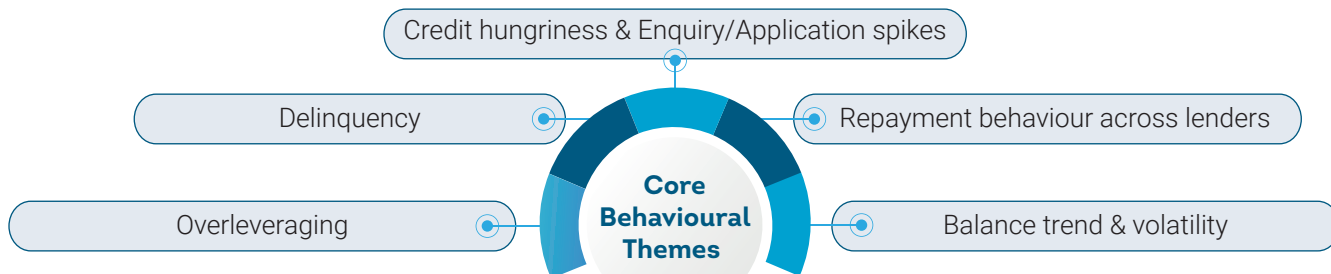
## Why Choose Microfinance CreditVision<sup>®</sup> Algorithms?

<p><b>01</b></p> <p><b>Uncover behavioural patterns for sharper decisions:</b> Move beyond static credit snapshots to identify evolving borrower behaviour and emerging credit risk signals.</p>	<p><b>02</b></p> <p><b>Purpose-built for MFI lending:</b> Designed with MFI lending behaviour in mind, these algorithms capture market dynamics and recent guardrails shared by SROs such as leverage, balance trends, lender count, etc.</p>	<p><b>03</b></p> <p><b>Precision across the lending lifecycle:</b> From acquisition to collection, Microfinance CreditVision<sup>®</sup> Algorithms enhance underwriting, enable proactive portfolio monitoring, and improve strategies for in-time collection.</p>	<p><b>04</b></p> <p><b>To complement, not to replace:</b> Modular and plug-and-play algorithms, that complement existing scorecards and decision systems/BREs.</p>
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## Simplifying Algorithms for Credit Institutions

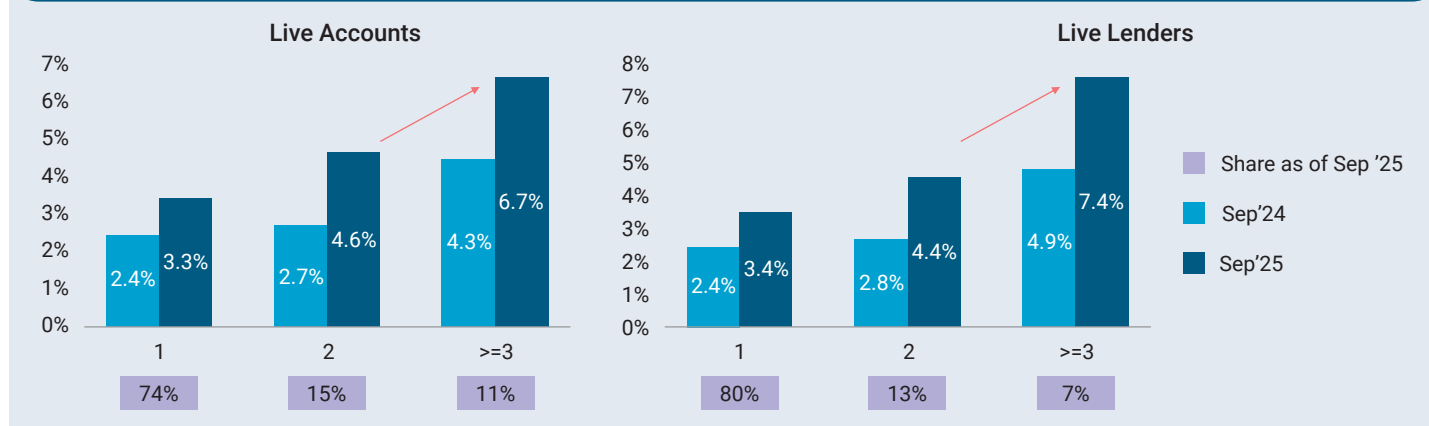
Traditional bureau data offers only a snapshot in time, resulting in static borrower profiles. This view leads to missed lending opportunities along with an inadequate understanding of underlying credit risk. In contrast, the microfinance industry, with its unique risk cycles and borrower profiles, requires algorithms and business rules that leverage trended data to accurately identify and assess borrowers' credit behavior.

**Key behavioural indicators analyzed by Microfinance CreditVision<sup>®</sup> Algorithms include:**



## Borrowers with 90+% delinquencies have risen YoY among customer with multiple live accounts and lenders, especially in the 3+ segment




Borrower's 90+% Delinquency by Live Accounts and Lenders - as of Sep'25



Borrowers with higher exposure across multiple lenders and trades indicate significant cross-lender exposure that traditional methods might overlook. Although their population share is limited, the observed delinquency is higher, making them a segment for proactive monitoring.

## A Solution that Cuts Across the Lending Lifecycle

Microfinance CreditVision® Algorithms add finer nuances to the key credit risk pillars and thus helps to uncover the 'iceberg' – potential opportunities and unrevealed credit risk. These algorithms are useful across the lending lifecycle:

Stage	Use Cases of Microfinance CreditVision® Algorithms at different stages.
 <p><b>Acquisition</b> Improve borrower quality using advanced behavioural insights</p>	<p>These algorithms help in acquiring new borrowers and retaining existing ones. They also support <b>cross-selling and up-selling of loan products</b> for the lender. Additionally, these algorithms are useful in creating <b>custom scorecards</b> to solve specific use cases.</p> <p>Improve segmentation and approval accuracy by identifying hidden credit risk signals especially in the Microfinance industry.</p>
 <p><b>Portfolio Credit Risk Monitoring</b> Detect emerging credit risk earlier</p>	<p>Closely monitoring borrower behavior across the portfolio using these algorithms, lenders can unlock actionable insights that <b>drive strategic portfolio management</b>. These algorithms enable early detection of credit risk signals, allowing teams to implement <b>proactive mitigation strategies</b>. The result: improved portfolio resilience, reduced credit losses, and enhanced decision-making at scale.</p> <p>Enable early warning signal/system using borrower behaviour pattern to categorize high credit risk account.</p>
 <p><b>Collections/Recovery</b> Prioritize collections more effectively</p>	<p>The algorithms help the lenders in <b>optimizing their collection strategies</b> and creating scorecards specifically based on collections.</p> <p>Prioritizes efforts based on behavioural intent to pay, excess payments and vintage repayment trends.</p>

**The result is more responsible growth, stronger portfolio resilience and greater confidence in extending credit where it matters most.**

**The Microfinance CreditVision® Algorithms are available through Online and Offline Delivery Channels.**