



Look Deeper, Lend Better.

"FIT Rank - for more confident, sharper, faster MSME lending decisions"

TransUnion CIBIL, in its endeavor to help the lending industry take better informed decisions and remove information asymmetry, has partnered with Online PSB Loans Limited (OPL) to provide an objective risk assessment tool using alternative data sources - Financial, Income & Trade data based Rank - FIT Rank. FIT Rank makes use of:



Banking information through bank statements



Financial & Income Information from Income Tax Returns



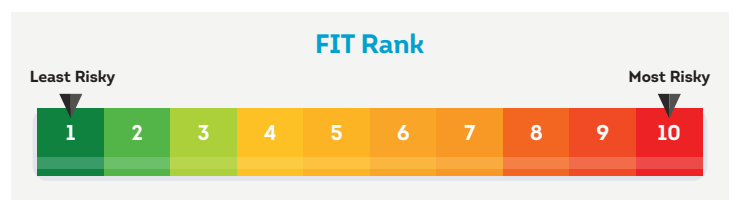
Trade data through GST Returns

FIT Rank model uses machine learning algorithms to predict the probability of a borrower defaulting on its loan repayment in the next 12 months. FIT Rank risk differentiates on a scale of 1 to 10, FIT-1 being the least risky borrower and FIT-10 being the most risky.

The Trend of Digitization in Credit Industry

The changing dynamics of the lending industry makes it pertinent to understand the nuances of credit behavior with the use of alternative data and not relying upon credit information alone. With 1/3rd of the demand for credit coming from the New to Credit (NTC) borrower profiles, it is extremely relevant & crucial to use alternative data analytics to assess more MSME profiles.

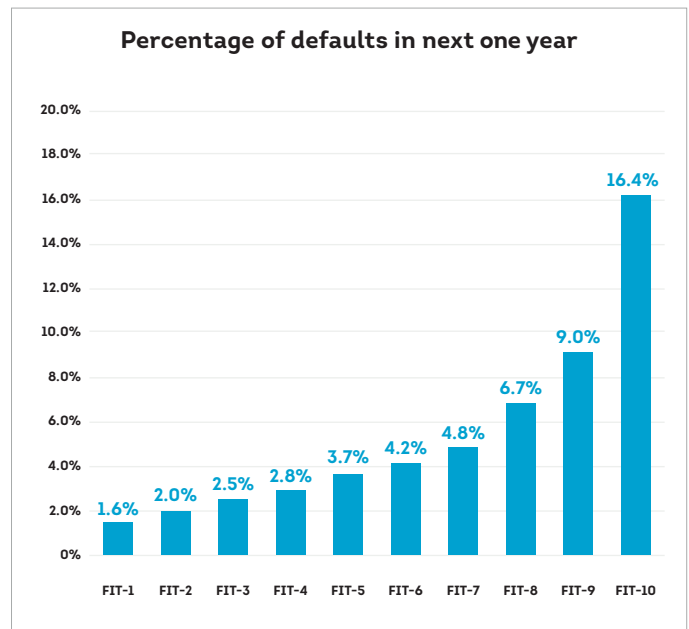
This is the first time TransUnion CIBIL in collaboration with OPL, have created a credit default predictor model leveraging financial, income and trade data which has been made possible due to the increasing digitization efforts in the credit industry.



The new age FIT Rank that will redefine risk assessment

- With the implementation of FIT Rank, banks and financial institutions will be able to assess profiles of many more MSMEs with sharper risk differentiation and can drive incremental credit growth for India's MSME sector by having access to better means of assessing risk.
- Combined with CIBIL MSME Rank (CMR), FIT Rank enhances the risk differentiation capability as well as assess more MSMEs.
- FIT Rank's efficacy as a strong default predictor is empirically proven as it is able to differentiate the good performing borrowers from the non-performing ones.
- The New to Credit (NTC) base that was earlier unranked on the CIBIL MSME Rank (CMR) model due to lack of credit footprint will now be assessed based on either or all of the following alternative data - bank statement, IT returns, GST returns.
- FIT Rank will help drive more adoption of digital lending processes thereby improving efficiency and reducing the time taken for loan decisions.

Risk differentiation capability of FIT Rank



CMR and FIT Rank correlation with respect to bad rates

| Bad Rates | | CIBIL MSME Rank | | | | |
|-----------|------------------|-----------------|---------|---------|-------|---------|
| | | CMR 1-3 | CMR 4-6 | CMR7-10 | NTC | Overall |
| FIT Rank | Low (FIT 1-3) | 1.1% | 1.7% | 12.1% | 1.5% | 2.1% |
| | Medium (FIT 4-8) | 2.1% | 3.8% | 16.4% | 3.2% | 4.4% |
| | High (FIT 9-10) | 6.3% | 9.3% | 27.8% | 11.1% | 12.7% |
| | Overall | 2.2% | 4.7% | 19.8% | 4.0% | 5.4% |

The table shows a cross tab of FIT Rank and CIBIL MSME Rank in assessing the bad rate of the entities. Overlaying CMR with FIT Rank shows sharper risk differentiation across all rank buckets. For NTC (New To Credit), the FIT Rank acts a key parameter for stating risk associated with the entity.

FEATURES



FIT Rank for Acquisition

Pre-screen and provide financial assistance to many more MSME profiles, thus driving incremental credit and revenue growth for lenders



FIT Rank for Risk Appraisal

Information from multiple sources provide an objective and improved risk differentiation enabling sharpened credit underwriting for MSME loans



360 degree MSME view with FIT Rank & CMR

FIT Rank combined with CIBIL MSME Rank (CMR) provides more detailed view on the MSMEs credit profile by combining the credit (loan) behavioural aspects with financial, trade and income characteristics

LEARN MORE

For more information, please connect with your TransUnion CIBIL representative.
Visit: transunioncibil.com

Co-created by



Mentored by

