BANKING

Warning You Are Being Watched

CIBIL has started providing individuals with their credit information reports. Here's why it makes sense for you to know what it's all about

PANKAJ ANUP TOPPO

Access Your Cibil Credit Report

You can apply for your CIR through email, snail mail and fax. Along with the application, you need to send a DD of Rs 142.

Email: myreport AT cibil.com

- Email the CIR request form duly filled
- Mail self-attested hard copies of your latest identity1 and address proof2 documents, along with the fees3, to CIBIL*
- Once CIBIL receives the documents and fees, your request will be processed and a copy of your CIR dispatched to you

Snail Mail

- Write to CIBIL with the CIR request form
- Also mail self-attested hard copies of your identity1 and address proof2 documents, along with the fees3, to CIBIL*
- You will get a copy of your CIR once CIBIL receives the documents and fees

Fax: 022-40789007

- Fax CIBIL the CIR request form
- Mail CIBIL* self-attested hard copies of your identity1 and address proof2 documents with the fees3
- Your request will be processed once CIBIL receives the documents and fees

*P.O. BOX 17, Millennium Business Park, Navi Mumbai- 400710

1. Identity Proof: PAN Card/ Passport/ Voters ID (Mail self-attested hard copy of any one)

2. Address Proof: Bank Account Statement/ Electricity Bill/ Telephone bill (Mail self -attested hard copy of any one)

3. Payment Terms: Demand Draft (DD) of Rs 142/- (inclusive of all taxes and express delivery charge), in favour of Credit Information Bureau (India) Limited payable at Mumbai

Note: The fee, once paid is non-refundable

**Source: www.cibil.com

Improve Your Score

- Make timely payments
- Keep your debt under control
- Use savings to pay off part of your debt if it's too high
- Look at options to reduce interest cost
- Do not look for credit options frequently
- In case of a repayment problem, get in touch with the bank immediately

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When you apply for a new line of credit, the lending institution does a check on your profile with the Credit Information Bureau (India) or Cibil – the country's first credit bureau, incorporated in 2000. If you were servicing other loans at the time of the application, your credit information report (CIR) will be generated and sent to the institution where you had applied.

Till recently, only lending institutions had access to your credit report. Not anymore, as now, Cibil has started providing this report to individuals. What is the report all about? What does it contain and do you need to take a look at it? More importantly, how do you get your CIR?

The report. "A credit information report is a factual record of a borrower's credit payment history compiled from information received from different credit grantors," says Arun Thukral, managing director, Cibil. So what does it contain?

The report contains information about the borrower. This includes his name, address, PAN number, passport number, telephone number, voter ID card number and date of birth. It has the record of all credit lines that the borrower has taken, past payment history, amount overdue on the day the report was generated, number of inquiries made on the borrower by different members and status of any suits filed against the borrower.

Says Thukral: "The purpose of CIR is to help credit grantors make informed lending decisions quickly and objectively."

Do you need it? Till now, the CIR was available to lending institutions only. But then, do you actually need it? "If you have been regularly servicing your existing lines of credit, then you do not need the report," says K.S. Sridhar, chief risk officer, IndusInd Bank. "If you have missed a couple of payments or got your repayment rescheduled, then it makes sense to take a look at your credit report. This way, you will know where you stand," says Sridhar.

Richard Fiddis, managing director-strategic markets, Experian, a global information services company that recently launched Experian Credit Information Company of India, a credit bureau, through its joint venture with seven of the country's leading public and private sector banks and non-banking financial institutions, gives another reason why you should have a copy of your credit record. "It's important for a consumer to understand his credit report. If you spot any anomaly, you can bring it to the notice of the credit bureau and get it sorted out," he says. Attests Harsh Roongta, CEO, ApnaPaisa: "Every individual must get a copy of his/her own credit report. This will ensure that any wrong reporting is noticed and can be corrected."

How frequently should you take a look at your CIR? More importantly, is there a validity period for the CIR? Ideally, you should take a look at your CIR before applying for a fresh line of credit. Says Thukral: "Since the report is compiled by Cibil on the basis of information submitted by the members on a monthly basis, the validity period of the CIR is dependent on the updation of data in your record."

The application process. Download the application form from the Cibil website (www.cibil.com), fill it and send it to Cibil along with a demand draft of Rs 142. (*Access Your Cibil Credit Report*). The CIR will be dispatched to you immediately after the application details are verified and payment processed. You can only apply for your own CIR and not anyone else's.

Benefits of a good credit report. A good CIR gives you speedier access to credit and at better terms. Sridhar of IndusInd Bank adds another angle. "An individual with a good CIR, apart from getting credit at a better rate, will also get a larger line of credit.” But Roongta of ApnaPaisa differs: “The CIR is not yet used extensively for giving better rates or quicker sanction for people who maintain an excellent track record.” One point where all experts agree is the importance lending institutions accord to CIR.

“Basically, the CIR is used for refusing credit if an individual has a bad repayment track record,” says Roongta. Agrees Sridhar: “CIR acts as a gatekeeper. It is the first line of filter.” Thus, it is in your interest to ensure that your CIR is in good shape.

Improve the score. The road to building or improving your existing CIR is fairly simple. “Making your payments on time will have the most significant impact on your credit record,” says Thukral. Keep your total debt under control. If your total borrowings are significantly high, use some of your savings to repay some of the debt. Further, investigate options to reduce your interest and credit-related costs. Also, when you are applying for a new line of credit, don't do it in a relatively short amount of time. “You don’t want to have your report show that you are constantly looking for credit,” says Thukral.

If you are finding it difficult to service your credit lines, work with your bank/lending institution. Says Fiddis: “We have found that globally, 99 per cent of the issues that affect an individual’s ability to service a line of credit are factors that are beyond his control.”

These include things like loss of a family member, sudden loss of job, etc. “You need to be responsible when you take a line of credit and you should work with the lending institution in case there is an issue,” says Fiddis. Typically, the lending institution takes an understanding view if you can prove that your case is genuine.

The way forward. In developed countries like the US, individuals have access to their own credit scores, also known as FICO scores. This is the way to go in India as well. Cibil is developing the infrastructure, systems and processes for an automated solution that would give you direct access to your CIR from Cibil.

This feature will allow you to access your CIR online, and banks to respond to errors through an online maintenance tool. The automated phase is expected to be ready by the beginning of the next fiscal year. “To begin with, we are offering CIRs to individuals. Going forward, we will also offer credit scores,” says Thukral. With the process of credit appraisal becoming more scientific, it’s in your interest to ensure that your CIR stays in good shape.

Source: OLM