

paisabazaar com

MAKING INDIA CREDIT FIT

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An Insights Report

#AbIndiaBanegaCreditFit





THE JOURNEY TOWARDS MAKING INDIA CREDIT FIT

PREFACE

India today stands as one of the most exciting markets for financial services, with a massive size of opportunity ahead. We are one of the fastest-growing economies and one of the world's largest consumer markets with a large, young and digital-savvy population. The availability of low-cost data, proliferation of smartphones and Internet users and a gold standard digital infrastructure have set up a foundation for the fast long-term growth of India's financial services industry, among others.

The rapid pace of digitization has led to a flourish in sectors like e-commerce, entertainment, travel bookings, food delivery etc. Even within financial services, Payments in the last 5 years, has seen unprecedented penetration. Both Insurance and Investments too have seen significant digital innovations, placing them in a good space for future growth.

However, when it comes to the Lending Industry, there is still a considerable amount of catching up to do. The pandemic was a wake-up for the industry with its lack of digital capabilities and over-reliance on physical processes leading to massive challenges.

While the industry in the last 18-20 months has strongly focussed on building digital innovations, which augurs well for the entire ecosystem, another hurdle that is being steadily addressed, largely by Fintechs and Credit Bureaus, is the lack of awareness around credit score.

In the last 6+ years, over 27 million consumers have taken their free credit reports from Paisabazaar. As India's largest marketplace platform for consumer credit, our free credit score initiative is aimed at making large and varied credit-starved segments credit aware and credit fit. Our innovations in this space like Credit Advisory Services, Chance of Approval, and Credit Report in multiple regional languages are all efforts in this direction.

In the second edition of "Making India Credit Fit", constructed by analysing data of our customers, we present to you some of the key insights and trends that we found.



Naveen Kukreja,
CEO & Co-founder Paisabazaar.com



BHARAT BECOMING CREDIT AWARE, 75% NEW CREDIT SCORE CUSTOMERS FROM TIER 2 & 3 CITIES

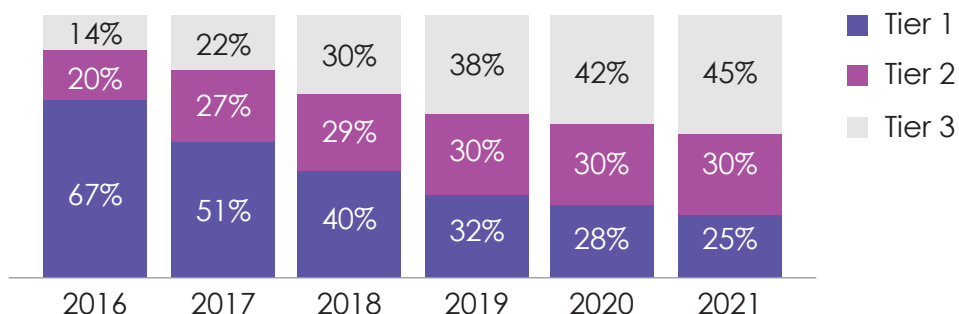
To build a more inclusive ecosystem, it is also key that credit awareness goes beyond the metros and Tier 1 cities. In a diverse country like India, language can be a barrier towards deeper understanding of one's credit report.

To resolve this, Paisabazaar has been offering consumers their free credit report in multiple regional languages like Telugu, Gujarati, Marathi, Kannada along with Hindi and English.

Since January 2017, Paisabazaar has also invested continuously in TV and digital campaigns on credit score, to raise consumer awareness.

Evidence of these endeavours can be seen in the rising number of consumers from Tier 2 & 3 cities visiting Paisabazaar to check their credit score for free. Participation from Tier 3 cities have tripled in the last 5 years

Year-on-Year Geographical Distribution of New Credit Score Customers¹



Source: Paisabazaar internal analysis



Radhika Binani
Chief Product Officer
Paisabazaar.com

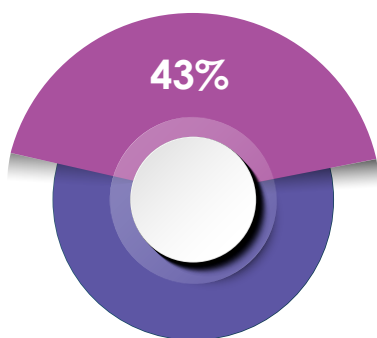
“Conversations with customers made us realize that large sections needed to deepen their understanding of credit score. Mere access to their credit report for free was not enough. Language was a road-block, especially beyond the metros. Giving them their credit report in a jargon-free fashion in a language of their preference has been a great enabler towards higher credit awareness and inclusiveness.”

¹Tier-wise geographical distribution based on HRA classification of Census 2011

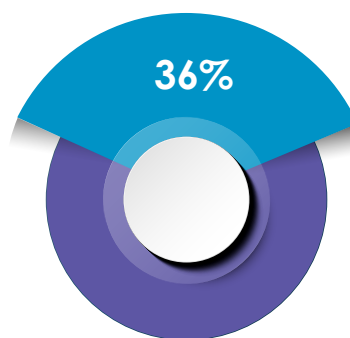
CONSUMERS FROM METROS MORE CREDIT HEALTHY THAN NON-METROS

While we see rising credit awareness among consumers from non-metro cities, they are still behind, though slightly, in terms of credit health from their counterparts residing in metro cities. Nearly 43% of the customers from Metro cities have credit score above 750, whereas non-Metros have around 36% customers maintaining a credit score of 750 and above.

In the 5 metro cities of Delhi-NCR, Mumbai, Kolkata, Chennai and Bengaluru, more than 40% people are maintaining a good credit score of 750 and above



43% customers from Metros have a Credit Score of 750 or more



36% customers from Non-Metros have a Credit Score of 750 or more

*Data shown is for top 5 Metro Cities – Delhi/NCR, Mumbai, Bengaluru, Chennai, Kolkata

Bengaluru has 44% of consumers maintaining a healthy credit score of 750 and above, which is the highest among the 5 Metros, closely followed by Delhi/NCR and Mumbai having ~41% customers each with 750 and above credit score.

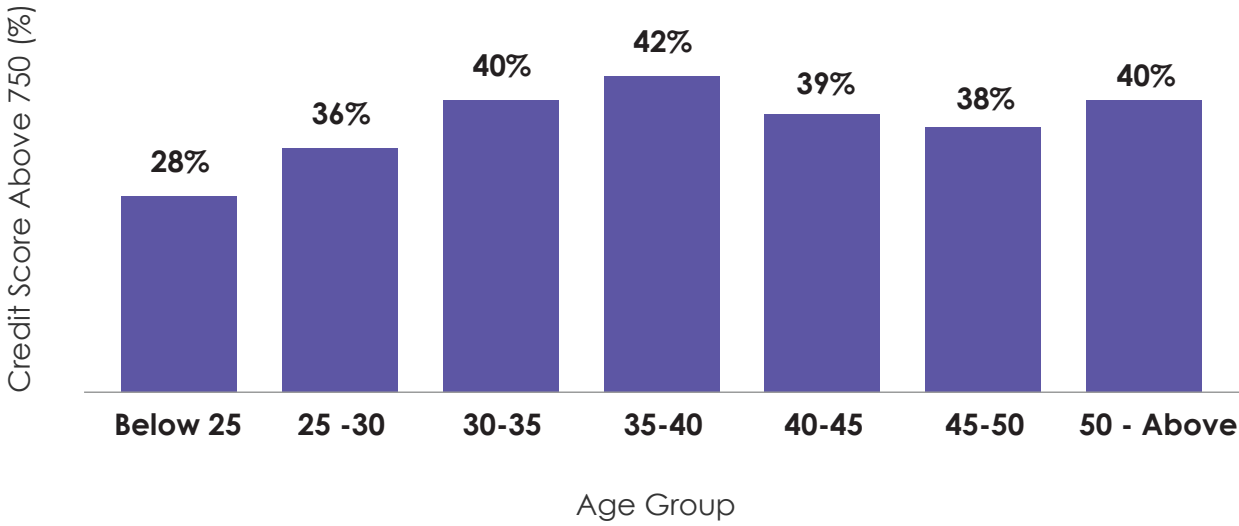


STEADY RISE IN CREDIT AWARENESS WITH AGE, CONSUMERS BETWEEN 35 & 40 MOST CREDIT HEALTHY

Paisabazaar data of its credit score customers shows a clear trend of rising credit awareness and better credit health with age. While those below 25 years seem to be least credit healthy with only 28% with a strong credit score, consumers in the age group of 35 to 40 are the most credit fit.

36% of those between 25 to 30 have a credit score of over 750. It further improves to 40% for consumers between 30 and 35, peaking at 42% for the 35-40 age bracket.

This may be because need to access credit is highest at the life-stage between 30 and 40, for life goals like buying a house.



Source: CIBIL, Paisabazaar internal analysis



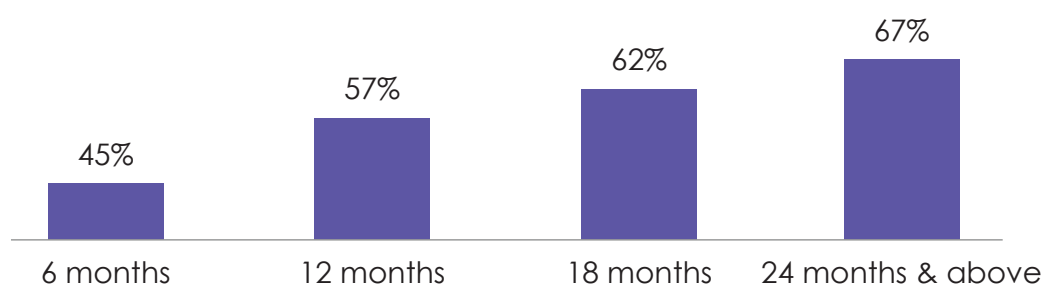
NEARLY HALF OF CUSTOMERS AVAILED CREDIT WITHIN 6 MONTHS OF CHECKING THEIR CREDIT SCORE

Continuous monitoring over a period of time help consumers work towards a strong credit score through responsible credit behaviour, which in turn builds their eligibility for the best loan and credit card offers from Banks and NBFCs. A strong credit score leads to wider choice of offers and usually, helps consumers save both time and money, while accessing credit.

By having access to their credit score from all 4 credit bureaus on Paisabazaar every month, tracking becomes easy and seamless, enabling access to credit. Over 45% consumers, who checked their credit score on Paisabazaar, took at least one credit product within 6 months.

While consumers were able to access Personal Loans and Credit Cards quicker after checking their credit score on Paisabazaar, they took around 14 months after opening their account on Paisabazaar to avail high involvement and large ticket size loans like Home Loans and Business Loans.

Consumers who accessed credit post checking credit score on Paisabazaar*



Source: CIBIL, Paisabazaar internal analysis

*Analysis based on user-account creation date on Paisabazaar and product purchase date (Jan'18 to Dec'21)



OVER 52 LAKH PAISABAZAAR CONSUMERS IMPROVE THEIR CREDIT SCORE SIGNIFICANTLY

To build and maintain a strong credit score, it is key that one regularly checks and monitors their credit score. This enables responsible and corrective action, which will help improve and build credit score over time. Regularly checking one's credit report will also help one in keeping it error-free and also stay aware in case any fraudulent activity involving their personal information takes place.

Paisabazaar, for the last 6 years, has been strongly focussed on engaging customers to actively check their credit score and make it a key part of their financial lives, to become credit fit for meeting their current and future credit needs and financial goals.

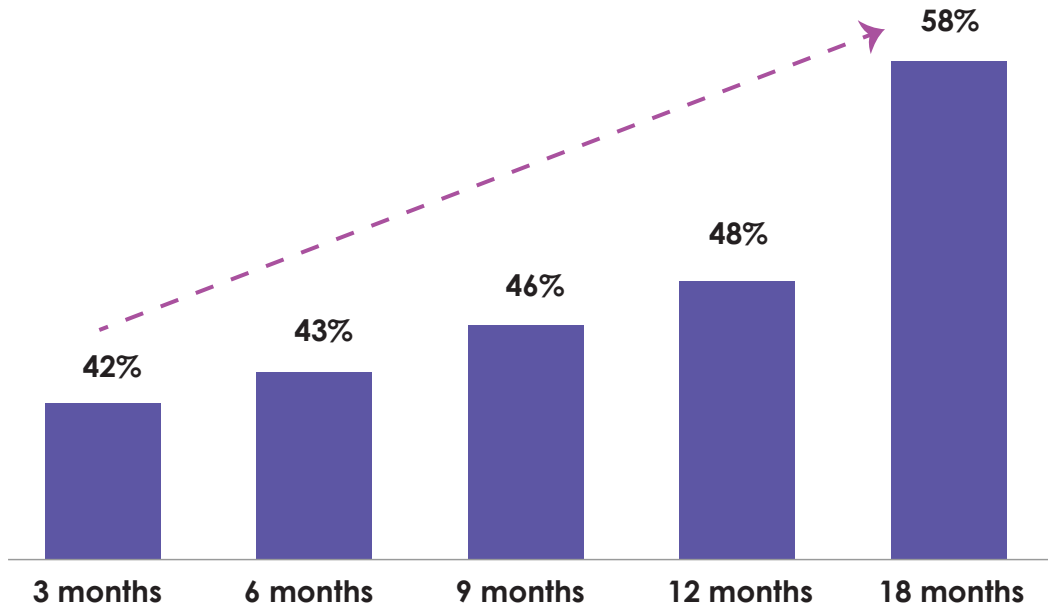
After checking their free credit score from Paisabazaar.com, 52.7 lakh customers were able to improve their score significantly within 18 months, including 23.6 lakh customers who had their score increase by 50+ points.

Over a 12-month period since checking credit score on Paisabazaar, 49.6 lakh consumers increased their score considerably, including 16.5 lakh who raised their score by an impressive 50+ points.

Credit Score Improvement	No. of Customers (in Lakhs) over 12 months	No. of Customers (in Lakhs) over 18 months
>20 points	49.6	52.7
>50 points	16.5	23.6
>75 points	6.21	18.2
>100 points	1.74	4.40

Source: CIBIL, Paisabazaar internal analysis

Also, close to 60% of Paisabazaar credit score customers were able to improve their score within 18 months of opening their free credit score account on the platform, through active tracking and responsible behaviour with credit.



Source: CIBIL, Paisabazaar internal analysis



Radhika Binani
Chief Product Officer
Paisabazaar.com

“ Like your personal health, your credit health also depends on you taking the right actions. While being aware and monitoring your score is the first step towards accessing credit, it is also crucial, especially for those with low score, to understand what has gone wrong for them and take corrective measures to improve and build their credit score. As a consumer platform, we are focussed on being an enabler towards making India credit fit

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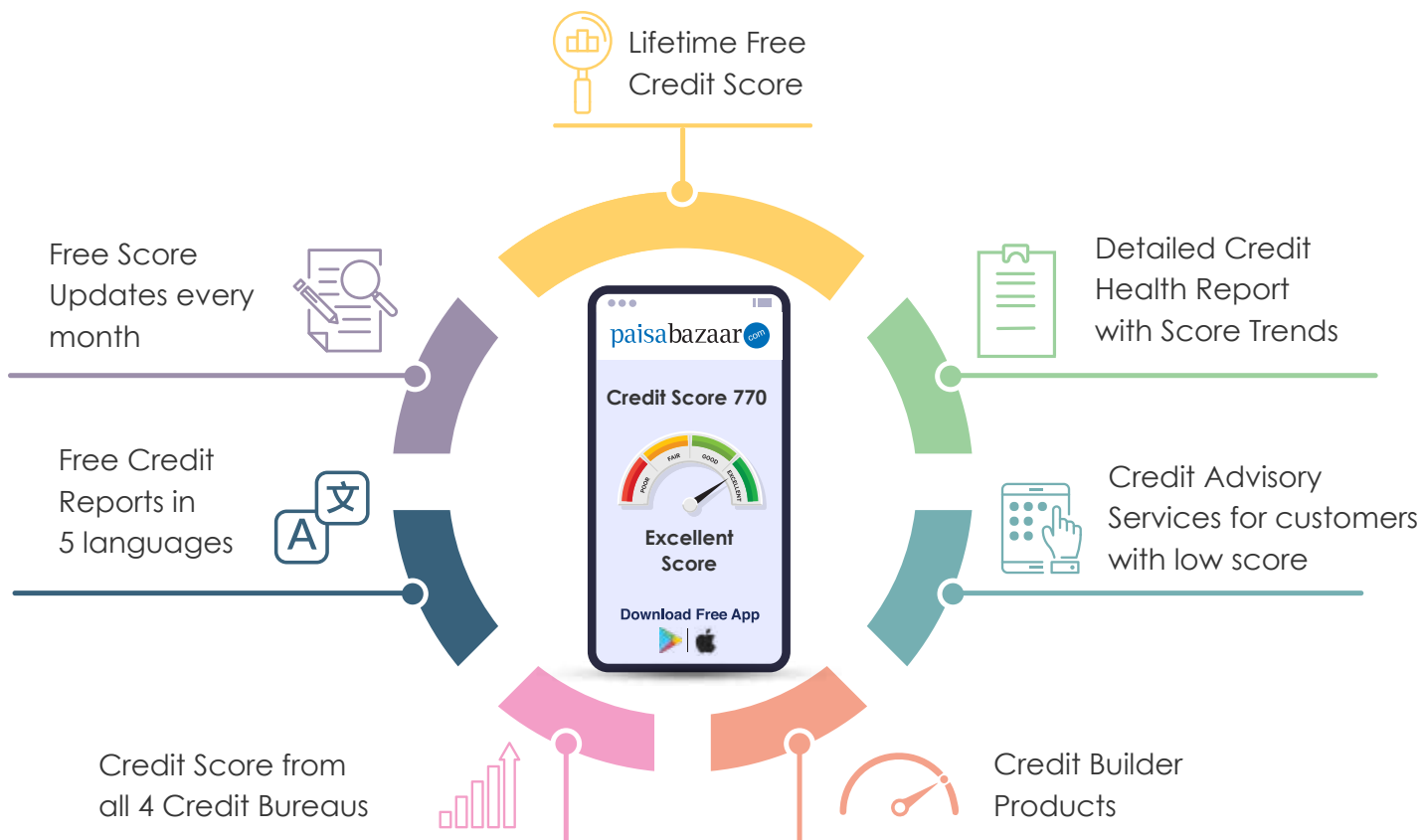
OVER 65 LAKH PAISABAZAAR CONSUMERS WITH DELINQUENCIES HAVE PAID OFF OUTSTANDING DEBT

A major reason behind low scores and rejection of credit applications are unpaid debt and delinquencies of consumers. Conversations with consumers made Paisabazaar realize that a major reason behind these delinquencies was the lack of consumer awareness around it.

Through Paisabazaar's credit awareness initiative, an increased number of consumers are becoming more wary of outstanding unpaid debt, and the detrimental impact they have on one's score and financial life.

Over 65 lakh consumers, who checked their free credit score from Paisabazaar and had DPD (Days Past Due) in their report, have cleared their outstanding debt in the last ~4 years.

Paisabazaar's Credit Awareness Initiative



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For any queries, please reach out to:

Radhika Binani at Radhika@paisabazaar.com

Shamik Ghosh at Shamik@paisabazaar.com