THE AWARENESS ABOUT THE CIBIL SCORES AMONG THE VARIOUS CUSTOMERS OF COMMERCIAL BANKS IN CENTRAL KERALA (A STUDY WITH REFERENCE TO GOVT.EMPLOYEES)

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ABSTRACT- Credit scoring means a system which enables a credit institution to assess the creditworthiness and capacity of a borrower to repay his loan and advances and discharge his other obligations in respect of credit facility availed or to be availed by him; Credit Information Bureau India Limited (CIBIL) is a credit information company founded in August 2000. In India, the need for a credit bureau came about in 1997, when there was a South Asian financial crisis, banks were flushed with liquidity and traditionally financial institutions lent to corporate that had documents to enable them to extend credit. Individuals did not walk into a bank and ask for loans since banks wouldn't entertain them unless they knew they were credible. A credit bureau works as a central repository, which contains the credit history of commercial and retail borrowers. The bureau provides this information to its members in the form of credit information reports. Members can use this information to make important decisions on lending. The use of CIBIL's products has led to a massive change in the way the credit life cycle is managed by both loan providers and consumers. The article is meant to know the awareness about the CIBIL score among the customers of Commercial Banks in CentralKerala districts of Palakkad,Thrissur,Eranakulam and Idukk.

Keywords: CIBIL, Financial Institution, Credit Information, Credit Scoring, Credit Life cycle

I. INTRODUCTION

Credit Information Bureau (India) Limited is India's first Credit Information Company (CIC). CIBIL collects and maintains records of an individual's payments pertaining to loans and credit cards. These records are submitted to CIBIL by member banks and credit institutions, on a monthly basis. This information is then used to create Credit Information Reports (CIR) and credit scores which are provided to credit institutions in order to help evaluate and approve loan applications. CIBIL was created to play a critical role in India's financial system, helping loan providers manage their business and helping consumers secure credit quicker and on better terms.

 A credit bureau works as a central repository, which contains the credit history of commercial and retail borrowers. The bureau provides this information to its members in the form of credit information reports. Members can use this information to make important decisions on lending. Credit Information Bureau Limited of CIBIL is a credit information company founded in August 2000. Post inception, it has played a critical role in Indian financial system, Whether it is to help loan providers manage their business or help consumers secure credit faster and at better terms, the use of CIBIL's products have led to a massive change in the way the credit life cycle is managed by both loan providers and consumers. CIBIL collects and maintains record of an individual's payments pertaining to loan and credit cards. These records are submitted to CIBIL by member banks and credit institutions, on a monthly basis. This information is then used to create Credit Information Reports (CIR) and credit scores which are provided to credit institutions in order to help evaluate and approve loan applications. Banks also use a portfolio review product, which provides the credit grantor with a comprehensive view of their borrower's credit relationships across multiple lenders, In India, the need for a credit bureau came about in the 1997, when there was a South Asian financial crisis. Banks were flushed with liquidity and traditionally financial institutions lent to corporates that had documents to enable them to extend credit. Individuals did not walk into a bank and ask for loans. In Nov 1999 the report was submitted by Siddiqui Committee for setting up India's First Credit Information Bureau. In August 2000 CIBIL was incorporated on the basis of recommendations made by the Siddiqui Committee. In April 2004, Credit Bureau services for consumers have been started in India. In May 2006 CIBIL has started its commercial bureau operations in India. In Nov 2007 CIBIL TransUnion Score was introduced to banks. In Sept 2010 CIBIL launched the first centralised database on Mortgages in India- CIBIL Mortgage Check. In April 2011 CIBIL TransUnion Score made available to individuals.

For credit grantors to gain a complete picture of the payment history of a credit applicant, they must be able to gain access to the applicant's complete credit record that may be spread over different institutions. CIBIL collects commercial and consumer credit-related data and collates such data to create and distribute credit reports to its Members which are credit institutions and banks in India. CIBIL's over 900 strong

member base includes all leading public & private sector banks, financial institutions, non-banking financial companies and housing finance companies.

CIBIL's products, especially the Credit Information Report (CIR) and CIBIL Trans Union Score are very important in the loan approval process. Once the loan provider has decided which set of loan applicants to evaluate, it analyses the CIR / Score in order to determine the applicant's eligibility. Eligibility basically means the applicants ability to take additional debt and repay additional outflows given their current commitments. Post completion of these first 2 steps the loan provider will request for the applicants income proof and other relevant documents in order to finally sanction the loan.

II. REVIEW OF LITERATURE

Jappelli and Pagano(2002) began to offer the first empirical work relating to the existence of credit reporting activities in approximately forty countries around the world and their impacts at the economy-wide level, including volume of credit, price of credit, quality of credit portfolios, and access to credit. Galindo A. and Miller M.J. (2003) In addition, the author argues that "the collection and maintenance of adequate positive data will significantly increase technical, personnel and financial requirements of credit bureaus, raising the cost for credit institutions, which will ultimately be reflected in the cost of loans for consumers", concluding that "consumer information, responsible lending practices and the legal environment should be balanced in any public policy strategy". Avrey R.B., CalemP.S., and Canner G.B. (2004) researching on the related issue of credit scoring—advise that although credit history offers benefits to lenders and the economy, failure to consider situational circumstances raises important statistical issues that affect the ability of scoring systems to accurately quantify an individual credit risk.

SIGNIFICANCE OF THE STUDY
CIBIL's products, especially the CIBIL Trans Union Score and the CIR are very important in the loan approval process. The credit score helps loan providers quickly determine, who they would like to evaluate further to provide credit. The CIBIL Trans Union Scores ranges from 300 to 900. Loan providers prefer a credit score which is greater than 700. The CIR and Credit Score not only help loan providers identify consumers who are likely to be able to pay back their loans, but also help them to do this more quickly and economically. This translates into faster loan approvals for consumers. An individual with a credit score above 750 has better bargaining power with the lenders, since he is perceived as a responsible borrower.

STATEMENT OF THE PROBLEM
The credit score and CIR not only helps loan providers identify consumers who are likely to be able to pay back their loans, but also helps them to do this more quickly and economically. This translates into faster loan approval process and the elements that loan providers used to evaluate the loan application, Since, CIBIL has made credits score and CIR available to public, now an individual can judge his value for loan providers through Trans Union Score.The article is meant to know the awareness about the CIBIL score among the customers of Commercial Banks in Kerala.

OBJECTIVES OF THE STUDY
1.   To understand the Awareness about CIBIL and the Scores to obtain the Loans from the Banks by the Borrowers.
2.   To know the factors that influences the score of the CIBIL to obtain the Loans from the Banks.
3.   To compare the borrowers who obtain the loans from the Banks through the CIBIL scores

HYPOTHESES OF THE STUDY
1. Ho: There is no significant awareness of the CIBIL Scores to obtain the Loans from the Banks by the Borrowers.
2. Ho: There is no significant influence of the factors of the CIBIL Scores to obtain the Loans from the Banks by the Borrowers.

3. Ho: There is no significant comparison of the borrowers who obtain the loans from the Banks through the CIBIL scores.

The study is an analytical nature. The present study has been conducted in Kerala, India. The researcher has selected One hundred and twenty (120) samples on the basis of convenience Sampling Method

Table 1
Classification of Size of Sample for the Study

Categories	Sampling Units (Total firms)		Sampling Frame (100%)		Size of Sample (Respondents)	
	No.	Percentage (%)	No.	Percentage (%)	No.	Percentage (%)
Palakkad	10	25.00	10	25.00	30 (10x3)	25.00
Thrissur	10	25.00	10	25.00	30 (10x3)	25.00
Ernakulam	10	25.00	10	25.00	30 (10x3)	25.00
Idukki	10	25.00	10	25.00	30 (10x3)	25.00
Total	40	100.00	40	100.00	120	100.00

Source: Primary Data

For the Study, total Sampling Units of Forty (40) Organisations have been selected, ten each fromCentral Kerala districts of Palakkad,Thrissur,Ernakulam and Idukki. Three category Govt. Employees (High Income, Middle Income and Low Income categories) have been selected from four Districts for the Study and the total of (10x3=30) (30x4= 120) respondents. Questionnaires were distributed to the Online Customers who participated in the survey. The collected data has been tabulated and analysed using Simple Percentage Analysis. The chi-square analysis was used for testing the Hypotheses to find out whether the Dependent variables and Independent variables have significant association.

ANALYSIS OF THE STUDY:

1. ***Awareness on CIBIL Scores to obtain the Loans from the Banks by the Borrowers.***

Table: 2
Classification of Respondents on the basis of their Awareness on *CIBIL Scores to obtain the Loans from the Banks by the Borrowers*

Districts	Categories of Respondents on the basis of Three point of Scale		
	Opinion of the Respondents		
	Satisfactory (weight 3)	Average (weight 2)	Unsatisfactory (weight 1)
Palakkad	45	20	05
Thrissur	30	20	10
Ernakulam	30	20	10
Idukki	28	24	02
Total	133	84	27

Source: Primary Data

Table 2 shows that majority of the Respondents have satisfactory with the Awareness on the basis of their Awareness on CIBIL Scores to obtain the Loans from the Banks by theBorrowers**.** The borrowers select their Loans from the Banks on the basis of their CIBIL scores which is obtained through the website of the CIBIL. It reveals that low income group customers at commercial banks are unaware about CIBIL. Middle Income group have average knowledge about the CIBIL score and the High income group have more awareness about the CIBIL scores. The borrower's opinion collected through Questionnaire by using the

three point scale of Satisfactory, Average and Unsatisfactory. The weight is given 3, 2 and 1 respectively for the Satisfactory, Average and Unsatisfactory.

In the view of above Ho is rejected and H1 is accepted. There is significant Awareness of the CIBIL Scores to obtain the Loans from the Banks by the Borrowers.

P value (0.4782) is less than the significance level (5%) so reject the null hypothesis and accepted alternative hypothesis. X^2 Test has been used for testing hypothesis

2. *Influence on CIBIL Scores to obtain the Loans from the Banks by the Borrowers.*

Table: 3

Classification of Respondents on the basis of their influences on CIBIL Scores to obtain the Loans from the Banks by the Borrowers

Districts	Categories of Respondents on the basis of Three point of Scale		
	Opinion of the Respondents		
	Satisfactory (weight 3)	Average (weight 2)	Unsatisfactory (weight 1)
Palakkad	39	24	05
Thrissur	30	20	10
Ernakulam	36	24	06
Idukki	30	20	10
Total	135	88	31

Source: Primary Data

Table 3 shows that majority of the Respondents have satisfactory with the influences on CIBIL Scores to obtain the Loans from the Banks by theBorrowers. It reveals that low income group customers at commercial banks have less influence about CIBIL. Middle Income group have average influence about the CIBIL score and the High income group have more influence about the CIBIL scores. The borrowers select their Loans from the Banks on the basis of their CIBIL scores which influences the loan borrowing. The borrower's opinion collected through Questionnaire by using the three point scale of Satisfactory, Average and Unsatisfactory. The weight is given 3, 2 and 1 respectively for the Satisfactory, Average and Unsatisfactory.

In the view of above Ho is rejected and H1 is accepted. *(*There is significant influence of the CIBIL Scores to obtain the Loans from the Banks by the Borrowers)

P value (0.3628) is less than the significance level (5%) so reject the null hypothesis and accepted alternative hypothesis. X^2 Test has been used for testing hypothesis

3. **Compare the borrowers who obtain the loans from the Banks through the CIBIL scores**

Table: 4

Classification of borrowers who obtain the loans from the Banks through the CIBIL scores

Districts	Categories of Respondents on the basis of Three point of Scale		
	Opinion of the Respondents		
	Satisfactory (weight 3)	Average (weight 2)	Unsatisfactory (weight 1)
Palakkad	30	20	10
Thrissur	36	20	08
Ernakulam	30	20	10
Idukki	36	24	06
Total	132	84	34

Source: Primary Data

Table 4 shows that majority of the Respondents have satisfactory with the loans which they have taken from the Banks through CIBIL Scores. It reveals that low income group customers at commercial banks does not compare their CIBIL scores. Middle Income group have average about the CIBIL score and the High income group have more compare the CIBIL scores. The borrowers select their Loans from the Banks

on the basis of their CIBIL. The borrower's opinion collected through Questionnaire by using the three point scale of Satisfactory, Average and Unsatisfactory. The weight is given 3, 2 and 1 respectively for the Satisfactory, Average and Unsatisfactory.

In the view of above Ho is rejected and H1 is accepted. *(*There is significant association of borrowers of the CIBIL Scores to obtain the Loans from the Banks)

> *P value (0.3282) is less than the significance level (5%) so reject the null hypothesis and accepted alternative hypothesis. X^2 Test has been used for testing hypothesis*

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IV. FINDINGS OF THE STUDY

1. The majority of the Respondents have satisfactory with the awareness of the CIBIL Scores to obtain loans from the Banks. The CIBIL Scores can be availed from the portal on the payment of certain fee. Some of the loan borrowers have no idea about the Scores but they were educated by the Bank officials for the purpose of Loan.

2. The majority of the Respondents have satisfactory with the influences of the CIBIL Scores to obtain loans from the Banks. The factors are the correct payment of previous loans, Credit cards, Higher Purchase, Instalment payments and Income of the borrowers also taken.

3. The majority of the Respondents have satisfactory with the loans which they taken from the Banks through CIBIL Scores. The borrowers select their Loans from the Banks on the basis of their CIBIL.

V. SUGGESTIONS AND RECOMMENDATIONS OF THE STUDY

1. Give more Awareness Programmes of CIBIL Scores among the borrowers those who are going for the Loans from Banks and Financial Institutions.

2. Provide adequate methods to improve their CIBIL Scores like correct payment of previous loans, Payment of Credit cards, Higher Purchase, Instalment payments and Credit History of the borrowers also taken.

3. Impart more comparison methods for the comparing CIBIL score among the Low, Middle income groups than High Income groups.

VI. CONCLUSIONS:

It can be seen that overall customers are aware about CIBIL but still majority of the customers are unaware about CIBIL. It reveals that low income group customers at commercial banks are unaware about CIBIL. It reveals that most of the customers do not know their credit score. It is clear that most of the customers are unaware that due to CIBIL Credit reports their next loan might reject but most of the customers pay after credit impairment due to collection follow ups. Hence the customers don't know the major operations of CIBIL even after it's long-time of incorporation. As banks and RBI plays a major role in working of CIBIL and also making combined efforts to let customers know about the working and various documentation procedures of CIBIL.

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