

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-2213
ANSWERED ON- 02/08/2021

CREDIT SCORE SYSTEM

2213. SHRI RAVNEET SINGH BITTU

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government is aware that as per a survey on awareness of credit score system among the general populace, there is lack of awareness about the credit score system and many of the borrowers are not aware of even the interest amount on their loans;
- (b) if so, the details thereof;
- (c) whether the Government is taking any measures to spread awareness about the credit score system among the people of the country and if so, the details thereof;
- (d) whether the Government is taking any measures to spread financial awareness and promote lending from banks or RBI registered companies in the country; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): Credit Information Companies (CICs) collect, process and collate information on trade, credit and financial standing of the borrowers of credit institutions and provide credit information to specified users in the form of a credit information report (CIR), which also includes a credit score. As per TransUnion CIBIL, one of the four CICs registered with Reserve Bank of India (RBI), credit awareness has increased among borrower/ prospective borrowers, as evidenced by increase in number of consumers checking their credit scores by three times from the year 2018 to 2020 and increase in consumer checking of credit score by two times during the same period. Further, as per TransUnion CIBIL, 64 per cent of consumers actively research rate of interest, EMI and processing fee online before availing of a loan, and search pertaining to 'best loan interest rates' has grown by 44 per cent in the year 2020 over 2019, which shows increase in awareness of the rate of interest among borrowers.

RBI, along with other financial sector regulators has established National Centre for Financial Education (NCFE), to promote financial education across the nation for all sections of the population as per the national strategy for financial education of Financial Stability and Development Council. NCFE conducts campaigns, seminars, workshops, conclaves, training, programmes, discussion forums, etc., across the country to impart financial education and create financial awareness and empowerment. NCFE in consultation with financial sector regulators and other relevant stakeholders has prepared the revised National Strategy for Financial Education document (2020-2025), to support the vision of the Government of India and financial sector regulators of creating a financially aware and empowered India, by empowering various sections of the population to develop adequate knowledge, skills, attitude and behaviour which are needed to manage their money better and plan for their future. In order to achieve the said vision, various strategic objectives have been laid down which includes *inter alia* encourage availing credit from formal financial institutions as per requirement.

As per inputs received from RBI, Financial Awareness Messages (FAME) booklet is prepared by it, which provides basic financial literacy messages for the information of public. It contains neutral financial awareness messages, which *inter alia* includes credit score and the same are imparted on an ongoing basis by Financial Literacy Centres and rural branches of banks.
