

Cibil All You Wanted to know.

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CIBIL is an acronym for Credit Information Bureau India Limited. It is India's first credit information bureau, a storage bank of information, which contains the credit history of commercial and consumer borrowers. CIBIL provides information to its Members in the form of credit information reports. CIBIL was promoted by the State Bank of India, Housing Development Finance Corporation Limited, Dun & Bradstreet Information Services India Private Limited and Transunion International Inc. The promoters SBI and HDFC divested a part of their stake to other shareholders and the revised shareholding stands as follows:

GE Strategic Investments India 2.5%

State Bank of India 10.0%

Bank of Baroda 5.0%

Transunion International Inc. 10.0%

Dun & Bradstreet Information Services India Pvt. Ltd. 10.0%

Bank of India 5.0%

The Hongkong and Shanghai Banking Corporation Ltd 5.0%

Indian Overseas Bank 5.0%

Sundaram Finance 2.5%

Housing Development Finance Corporation Ltd. 10.0%

Punjab National Bank 5.0%

Union Bank 5.0%

Citicorp Finance (India) Ltd 5.0%

ICICI Bank Ltd 10.0%

Central Bank Ltd 5.0%

Standard Chartered Bank 5.0%

CIBIL has an information base on 175 members and database on 127 million companies and individuals which continues to grow at a fast pace. CIBIL shares credit information with its member base on the principle of reciprocity. CIBIL's members include all leading banks, financial institutions, non-banking financial companies, housing finance companies, state financial corporations and credit card companies. CIBIL creates value for financial institutions by providing objective information that helps them manage risk and devise appropriate lending strategies, thus reducing cost and maximizing portfolio profitability. CIBIL benefits both credit grantors and consumers by collecting, analyzing, and delivering information on credit histories of millions of consumers and businesses. With information from CIBIL, credit grantors are empowered to make sound and informed credit decisions.

NEED FOR CIBIL

The need of a credit information system was felt in order to enable informed credit decisions and aid fact based risk management. The idea of a credit information bureau was mooted by the Reserve Bank of India after the South Asian crisis. It was also very much needed to arrest addition of fresh Non-Performing Assets (NPA) in the banking system through a database of credit information on borrowers as a first step in credit risk management. In this regard, the requirement of an adequate mechanism, providing comprehensive and reliable information system on the borrowers through an efficient database system was keenly felt by the Reserve Bank of India/ Government as well as credit institutions. A Working Group chaired by Shri. N. H. Siddiqui with representatives from select public sector banks,

IDBI, ICICI, Indian Bank's Association and Reserve Bank in 1999 had recommended setting up a CIB under the Companies Act, 1956 with equity participation from commercial banks, FI's and NBFC's registered with the Reserve Bank. As per the recommendations made by the Working Group, Credit Information Bureau (India) Ltd., CIBIL was set up in January 2001.

CIBIL has two divisions- Consumer Bureau launched in 2004 and Commercial Bureau was launched in 2006.

The fraud repository will help banks access information, which was so far not disclosed to anyone, but the Reserve Bank of India. Before they decide on something they will use the data. It will help reduce frauds and chances of someone vanishing after taking a loan.

Similarly, the mortgage repository will help banks in finding out if someone has used the same papers to get loans from multiple sources.

TO WHOM ALL IS CIBIL APPLICABLE?

CIBIL is applicable to anyone applying for any credit facilities such as Personal loans, Home loans, Business loans, Mortgages, Loan against property, Auto loans, Secured and Unsecured loans, Credit cards, any type of finance or credit facility from banks, financial institutions, non-banking financial companies, housing finance companies, state financial corporations and credit card companies etc.

HOW DOES CIBIL FUNCTION?

CIBIL primarily gets information from its Members currently and at a subsequent stage will supplement it with public domain information in order to create a truly comprehensive picture of anyone's financial track record.

For credit grantors like banks and financial institutions 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 Members.

IS THERE A RISK OF CUSTOMERS CONFIDENTIAL INFORMATION BEING COMPROMISED?

The security of the Members' data is of paramount importance to CIBIL. CIBIL's security measures are aligned with global 'best practices', stringent risk management standards and are subject to regular audits by independent auditors. CIBIL has adopted state-of-the-art technology to provide information security. The important aspects are detailed below:

- Information to databases is accessed only on a strictly 'Need to Know' basis. For example, the access to the Data Center is available only to authorized personnel engaged in regular systems and database administration.

- Access control devices, surveillance cameras installed at strategic locations and biometric access system at the Data Center with the highest levels of security.

- Comprehensive perimeter security solution consisting of a Firewall, Intrusion Detection and Vulnerability Assessment System to secure the network infrastructure from external security risk.

- Installation of the following devices to deal with fire hazards:

- a. State-of-the-art (VESDA) smoke detection system to provide early warning and isolation of potential fire hazards.

- b. FM200 based Fire Suppression System to extinguish fire with minimal damage to the IT systems.

- Anti-Virus software installed on all servers in the Data Center. Security patches and necessary configurations are continuously applied to the Servers and Network appliances.

Another vital area in which security is of the utmost importance is the two-way transmission of information between CIBIL and its Members. In this regard, CIBIL uses:

- 128-bit SSL encryption for all Web-based transactions including FTP.

- Cryptographic solutions for all information sent or received through any physical media i.e. CD, DAT and DLT.

WHAT TYPE OF INFORMATION IS NOT INCLUDED IN THE CIR?

The Credit Information Report (CIR) includes the following information:

- Basic borrower information like:

- i. Name
- ii. Address

In case of individuals:

- iii. Identification numbers
- iv. Passport ID
- v. Voters ID
- vi. Date of Birth

In case of non-individuals

- vii. D-U-N-S® Number
- viii. Registration Number
- ix. Legal Constitution

- Records of all the credit facilities availed by the borrower
- Past payment history
- Amount overdue
- Number of inquiries made on that borrower, by different Members
- Suit-filed status.

What type of information is NOT included in the CIR?

The Credit Information Report (CIR) does not contain:

- Income / Revenue details
- Amount(s) deposited with the bank
- Details of borrowers' assets
- Value of asset(s) mortgaged
- Details of investment(s)

WHEN IS A CREDIT FACILITY CLASSIFIED AS “DEFAULT”?

CIBIL does not classify any accounts as default accounts. It merely reflects this information after the Member has classified it as such. The Number of Days Past Due and / or Asset Classification as per RBI definition as submitted by Members is reflected in the Credit Information Report (CIR).

HOW CAN ONE ENSURE CIBIL REPORT DOES NOT CONTAIN NEGATIVE INFORMATION?

The best preventive measure is to exercise good money management practices and make repayments on time.

HOW CAN ONE ACCESS INFORMATION ON CIBIL?

Reports can be accessed by Members on the principle of reciprocity i.e. only those Members who have provided all their data to CIBIL are permitted to access Credit Information Report. Members can do so only to take valid credit decisions. Disclosure to any other person or entity is prohibited. A copy of the same can be obtained by obtaining the control number generated by CIBIL which can be obtained from the bank or financial institution where the applicant is trying to obtain credit facilities.

The applicant can write to support@cibil.com, info@cibil.com, anuj@cibil.com referring his control number and access all necessary information pertaining to his records being maintained by CIBIL. Very soon one can ask the credit bureau for one's individual score. To begin with, an individual will have to send a request through a mail and then after verifying the person through certain security questions, they will post the score to the address maintained in their records.

HOW CAN ONE RECTIFY ERRORS IN CIBIL?

Contact the credit grantor from whom you have availed the loan and request the necessary changes. The credit grantor will then report the change to CIBIL and subsequently necessary updates will be made by CIBIL in their records.

Source: <http://www.cibil.com/faqs.htm>

<http://en.wikipedia.org/wiki/CIBIL>

<http://www.business-standard.com/india/news/fraud-repository-will-help-banks/17/54/342156/>

<http://www.financialexpress.com/news/in-future-we-will-see-differential-rates/395758/>

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