

## **RBI: Give customers a free copy of credit profile**

Customers should be given a free copy of their credit profile as it would help in promoting financial discipline among loan seekers, an RBI report says.

“The Committee has suggested that providing customers with a free copy of their Credit Information Reports (CIRs) would help create awareness about the need to have credit discipline, enable customers to correct their behaviour and improve their score well before they plan to avail fresh credit of any kind...,” the report said.

The move would also help detect identity theft at an early stage, it added.

Report of the ‘Committee to recommend Data Format for Furnishing of Credit Information to Credit Information Companies (CICs)’ has been put up on RBI’s website for comments.

The committee, which recently submitted its report to RBI, has made wide ranging recommendations on issues relating to credit information, such as, increasing its coverage, format of reports and best practices to be followed by credit institutions, credit information companies (CICs) and the RBI.

The panel, headed by Aditya Puri, Chairman of HDFC Bank, also recommended use of common data formats and a common data quality index that could assist credit institutions in determining the gaps in data.

Low usage of credit information by member institutions and other specified users needs to be addressed by requiring CICs to populate their databases with requisite credit information so that enquiries by specified users yield desired information, it added.

“This can be done by increasing the coverage of credit information in terms of membership and products and by creating awareness about Credit Information Reports (CIRs),” the report said.

The Credit Information Bureau (India) (CIBIL) was incorporated in 2000. Following enactment of the Credit Information Companies (Regulation) Act (CICRA) in 2005, three other Credit Information Companies (CICs) were also set up.

The report said that reducing the information asymmetry between lenders and borrowers, provides a fillip to the growth of credit especially among the disadvantaged sections of society.

The panel suggested that CICs should have a common classification of credit scores so they are easier to understand and interpret. It suggested that the CIBIL method of calibrating from 300 to 900 may be adopted by other CICs.

It further said banks and financial institutions may report cases of wilful default directly to the CICs.

*(The Hindu Business)*