

ICICI BANK CUSTOMER EDUCATION SERIES

TIMES BUSINESS ASSOCIATE COMMUNICATION

Did You Know?

The framework to be followed by CICs in India is created by RBI through the Credit Information Companies Regulations Act. All CICs in the country have to adhere to this Act.



CIBIL is the only operative credit-information company in the country today.



ICICI Bank wishes its readers a very happy Gudi Padwa!

Credit-Information Companies

What is a credit-information company?

A credit-information company (CIC) is an entity set up to meet the requirement of credit-granting institutions of having access to comprehensive credit information at an individual customer level. A CIC does this by collecting and collating credit information pertaining to both commercial and consumer borrowers, and disseminating it to a closed user-group of credit-granting member-institutions. 'Credit-granting institutions' refers typically to banks, financial institutions, non-banking finance companies (NBFCs), housing finance companies and credit-card companies.

What are the main functions of a credit-information company?

- ▶ To periodically collect, collate and store credit, trade and financial information of borrowers and prospective borrowers of lending institutions that are members of the CIC.
- ▶ To maintain a data bank on borrowers/customers of the member lending institutions
- ▶ To provide credit information to member lending institutions on request.

Why do credit-granting institutions need a credit-information company?

Credit-information companies provide a platform for the sustainable growth of the financial services sector by helping banks and lending institutions to:

- ▶ understand customers' credit behaviour better
- ▶ take decisions more quickly
- ▶ make available loans at lower interest rates to customers with good credit behaviour.

Does a CIC benefit customers?

Yes, a CIC also benefits customers by:

- ▶ instilling planned credit behaviour
- ▶ making them aware that their past credit behaviour affects their future chances of availing of credit from any lending institution
- ▶ helping them to start building a good credit history.



SMS CONTEST

Question: A credit information company benefits _____.

- Answer: A. the credit-granting institution only
B. the borrowing customer only
C. both, the credit-granting institution and the borrowing customer

To answer, SMS DISHA A, B or C to 53030 and win a 2N 3D holiday.*
Contest open for the day of publication.
*Terms and conditions apply.
Visit www.dishafc.org for details.

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