European Union (EU) Switch Asia “Bamboo4SD” 
Financial and Business Literacy Campaign

In collaboration with
Credit Rating

What & How to Maintain the Rating
To be able to adopt good practices to maintain a good credit rating
What is Credit Rating?
Credit rating is an assessment done by a credit rating agency to know how strong and disciplined a person financially is?
It is a three-digit number which is determined by identifying several parameters. The better your credit score, the better your chances are of getting a loan from the bank. A credit score above 700 is considered good. Many times we get -1 in the credit score, which means that no previous record of the borrower is available.
Credit Rating Agency
An agency that keeps your credit records and analyse the questions like:

- Does the borrower have the capacity to repay debt?
- Whether you are already a borrower or not.
- Did you return the loan on time or not?
- Is your financial transaction correct and disciplined?
How does the credit rating agency come to know about us?
• All banks and non-banking institutions in the country share loans taken by their customers or other transactions with a credit rating agency called CIBIL.

• These institutions have a database which contains information about all types of loans and its monthly instalments and repayments structure. It also has details about the application for new loan and its approval.

• And this information becomes the basis of your CIBIL score, call it credit rating.
What role does the CIBIL score play in the loan application process?
The CIBIL score plays an important role in the loan application process. Whenever we apply for a loan, the lending bank first checks the credit score and credit report of the applicant.

If the credit score is low then the chances of getting loan are less. If the credit score is high then the chances of getting loan are high.
How can we keep the credit rating good?
• By paying the monthly instalment of your loan on time.

• By Making timely payments in other bank transactions also.

• Do not apply for loans in multiple banks altogether.
How do I know my credit rating?