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MFIs reporting loan data daily to prevent default

BY [ATMADIP RAY](#), ET BUREAU | UPDATED: FEB 13, 2020, 10.19 AM IST

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Microfinance lenders are moving to daily reporting of loan data to credit information companies from weekly submission with a view to create an early alert system at a time when loan defaults motivated by local activism have become a nemesis for them across regions.

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Microfinance is a business that deals with bottom of the pyramid customers who typically react to local issues like natural calamities and activism. Although awareness about the importance of good credit reports for future borrowing has been rising, but instances of motivated non-repayment are galore and this is being felt badly in Assam as well as parts of Karnataka.

About 32 lenders in the sector have started submitting data daily to [Cibil](#), Equifax and CRIF High Mark, people familiar with the matter said. The credit bureaus had to upgrade their infrastructure to upload the additional data and to update them on a daily basis.

Microfinance Institutions Network (MFIN), the self-regulator for the sector, is telling all its members to follow this practice to put a check on default as the repayment trouble brews in several states

“The access to daily data will empower the lenders to take business calls with better clarity,” said HP Singh, chairman at [Satin](#)

[Creditcare](#), the second largest NBFC-MFI.

As regards the daily submission, lenders are now feeding in incremental data on repayment update, loan disbursement, delinquencies and any other changes in the account status.

“This will also help contain multiple lending to borrowers as earlier lenders did not always have real-time view of the total leverage of the borrower as the data to the credit bureau used to be refreshed in 7 to 30 days,” said MFIN chief executive Harsh Shrivastava.

MFIN said that bigger NBFC-MFIs such as CreditAccess Grameen, Fusion Microfinance and Arohan Microfinance have moved to the new reporting system. Among others, Ujjivan Small Finance Bank is also submitting the data daily.

“The sector has been successful in having four credit bureaus today with over 200 million credit records. With more data coming in and more enquiries happening, I am sure we will create a good credit discipline,” MFIN chairman Manoj Nambiar said. “The tight credit reporting discipline will ensure microfinance goes to deserving clients who are good and will repay on time.”

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