




ALTERNATIVE CREDIT SCORING

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ABOUT US

Enterslice is an award-winning cloud based legal and compliance platform driven by AI. It is among the leading firms in Asia, providing exceptional legal, compliance, audit, risk, and assurance advisory services in the country. We serve globally to our clientele spread over India, China, Hong Kong and 15 other countries.

We are winners of the “Top 100 Companies in Asia” award served by the Red Herring International (Previous winners include Google, Facebook, Xiaomi, Snapdeal). We work with 1000+ seasoned lawyers and company incorporation professionals who are experts in their fields to guarantee 100% timely and efficient services. Our army of experienced CAs, CSs, lawyers and business professionals help entrepreneurs in their business journey right from registration of their organization to the IPO stage in the domestic and international markets.

We have a team of renowned lawyers with relevant domain experience in multifarious fields of law but not limited to Corporate, Criminal, Civil, Contract, IPR, Taxation, etc. Based on your requirements, we refer the top experienced lawyers best suited for your need and budget.

Enterslice is one of the finest and class-leading platforms for securing government licenses and registration. We are aware that one needs to be spot on in terms of paperwork and underlying legalities for a successful registration process. Needless to mention that complying with the said requisites is a complicated task that seeks a professional and mindful approach. If you cannot address the registration formalities on your own, let Enterslice’s experts help you out.



WHAT IS ALTERNATIVE CREDIT SCORING?

Alternative credit scoring is a method of assessing the creditworthiness of individuals or businesses that do not have a traditional credit history. This type of scoring uses alternative data sources, such as rent payments, utility bills, and social media activity, to create a credit score.

Traditional credit scoring models rely heavily on information from credit reports, such as payment history, debt levels, and length of credit history. However, these models can be inaccurate for people with a limited credit history or no credit history. This is because people with a limited credit history may not have enough data to generate a reliable credit score.





HOW WILL ALTERNATIVE CREDIT SCORING HELP IN FINANCIAL INCLUSION?

Alternative credit scoring can help in financial inclusion by providing lenders with a complete picture of a person's financial habits and their ability to repay a loan. It can help lenders make more informed lending decisions and expand access to credit for more people.

Alternative credit scoring models can help lenders assess the creditworthiness of these individuals by using alternative data sources. This data can provide lenders with a more complete picture of a person's financial habits and their ability to repay a loan.

HERE ARE SOME OF THE WAYS THAT ALTERNATIVE CREDIT SCORING CAN HELP IN FINANCIAL INCLUSION:



- It can help lenders assess the creditworthiness of people who have been historically excluded from the financial system, such as immigrants, people of colour, and people with low incomes.
- It can help lenders expand access to credit for small businesses, which often have difficulty obtaining financing from traditional lenders.
- It can help lenders make more informed lending decisions, which can lead to lower rates and fees for borrowers.
- It can help lenders reduce their risk of lending to borrowers who are likely to default.

MODELS OF CREDIT SCORING



Bank statement analysis: This model uses data from a borrower's bank statement to assess their spending habits, income, and debt levels. This can be a good way to get a comprehensive picture of a borrower's financial situation.

GST return file analysis: This model uses data from a borrower's GST return file to assess their business performance. This can be a good way to assess the creditworthiness of businesses, as it can provide information on their revenue, expenses, and profit margins.

MODELS OF CREDIT SCORING



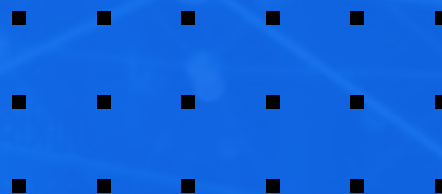
Stock based financing: This model uses data from a borrower's stock portfolio to assess their investment risk. This can be a good way to assess the creditworthiness of high-net-worth individuals, as it can provide information on their risk tolerance and investment strategy.

Logistic financing: This model uses a logistic regression algorithm to assess the creditworthiness of borrowers. This algorithm takes into account a variety of factors, such as income, debt levels, and credit history, to calculate a borrower's probability of default.

HOW INDIAN LENDING SYSTEM IS EVOLVING BY USE OF ALTERNATIVE CREDIT SCORING?

The Indian lending system is evolving by use of alternative model scoring in a number of ways.

- Expanding access to credit
- Increasing financial inclusion
- Promoting responsible lending
- Improving customer experience



EXAMPLES OF ALTERNATIVE CREDIT SCORING MODEL

- **Faircent:** Faircent is a peer-to-peer lending platform that uses alternative data sources, such as rent payments and utility bills, to assess the creditworthiness of borrowers. Faircent has provided over \$1 billion in loans to over 1 million people in India, many of whom would have been unable to obtain credit from traditional lenders.
- **Pronto Money:** Pronto Money is a microfinance lender that uses alternative data sources, such as social media activity and mobile phone data, to assess the creditworthiness of borrowers. Pronto Money has provided over \$100 million in loans to over 100,000 people in India, many of whom are women and small business owners.
- **INDmoney:** INDmoney is a financial services platform that uses alternative data sources, such as bank statements and investment portfolios, to assess the creditworthiness of borrowers. INDmoney has provided over \$100 million in loans to over 10,000 people in India, many of whom are high-net-worth individuals.



TRENDS THAT ARE EXPECTED TO DRIVE THE GROWTH OF ALTERNATIVE CREDIT SCORING

- The rise of digital lending
- The growth of the gig economy
- The development of new data sources