

# CREDIT MARKET INDICATOR

A comprehensive measure of retail lending health trends

October 2023





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- Demand and Supply Trends
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# OVERALL CREDIT MARKET CONDITIONS



## Retail credit growth continues while delinquencies remain stable

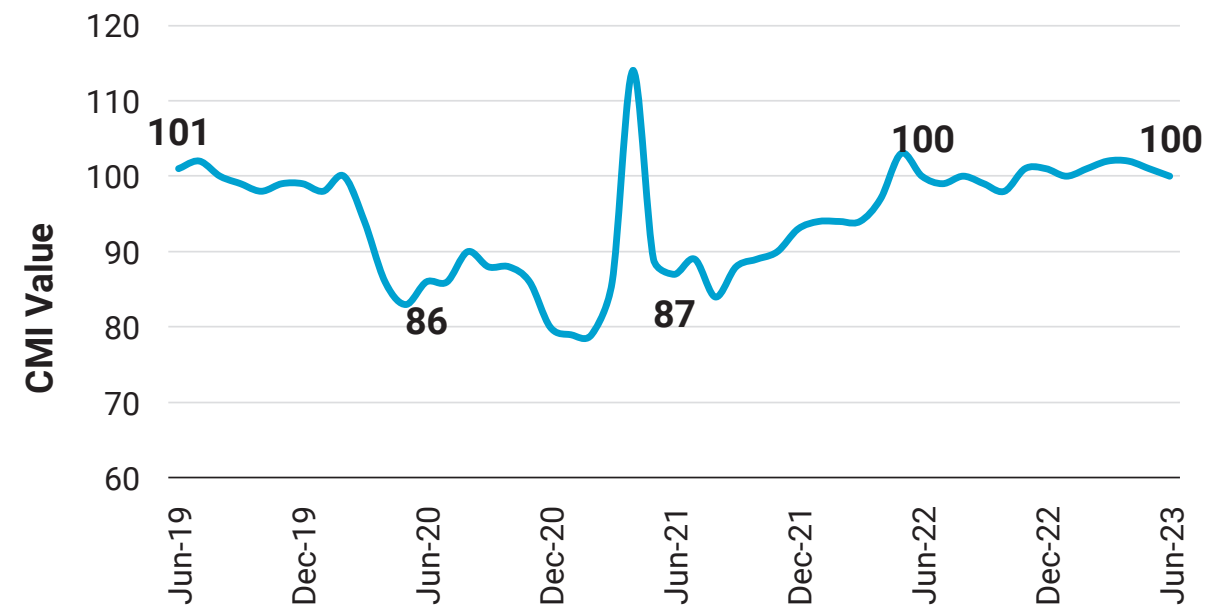
### Retail credit market continued to show sustained growth

- Consumption-led demand continues to drive need for credit
- Credit growth for the new-to-credit (NTC) segment declined while that for young population remained stagnant

### Portfolio performance continued to improve

- Credit market continues its growth trajectory with slight risk building up in recent originations
- Portfolio performance continues to improve with delinquencies being lower than the same period last year for most products

### Credit Market Indicator (CMI)

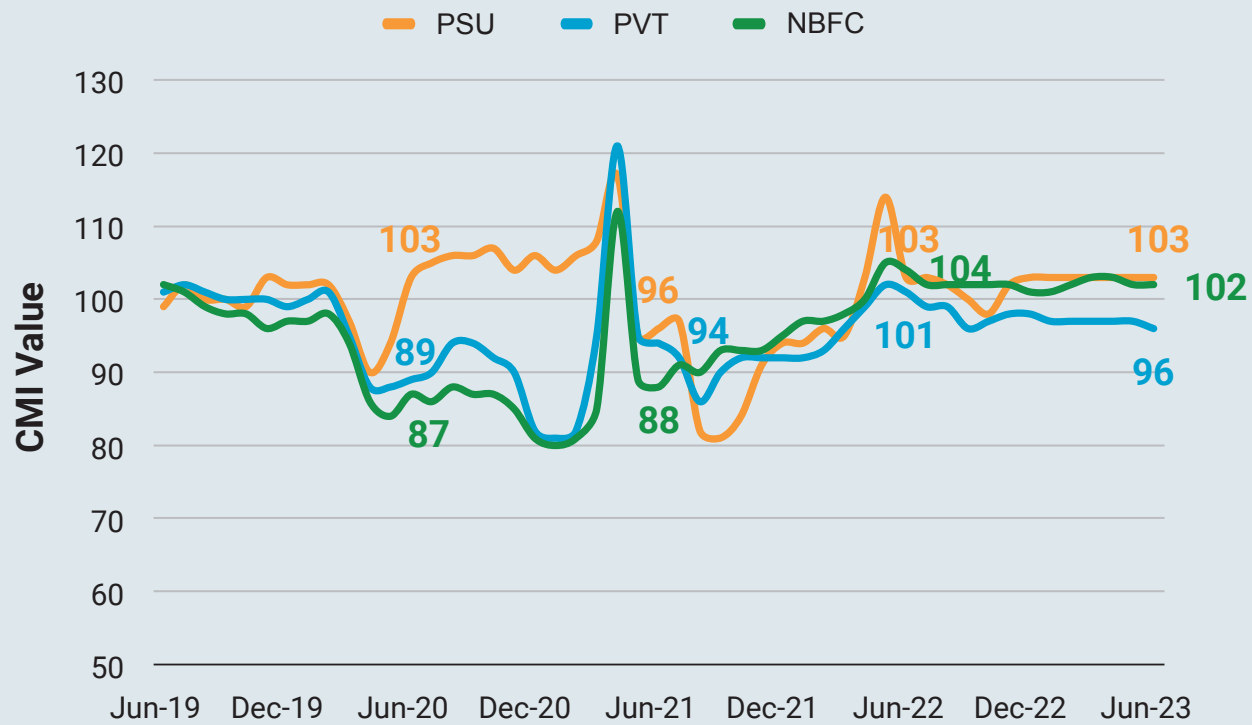


June 2023 CMI value is provisional and subject to revision as additional data get reported to the TransUnion CIBIL credit bureau.



## Balance level serious delinquencies improved across all lender categories

CMI by Lender Category



Key Metric for 3M Ended Jun - 2023

Metric	PSU Banks	PVT Banks	NBFC
Accounts Disbursed (YoY)	19%	-1%	9%
Amount Disbursed (YoY)	21%	0%	9%
Outstanding Balances (YoY)	16%	20%	21%
Balance Level 90+ DPD (YoY)	-35 bps	-14 bps	-121 bps

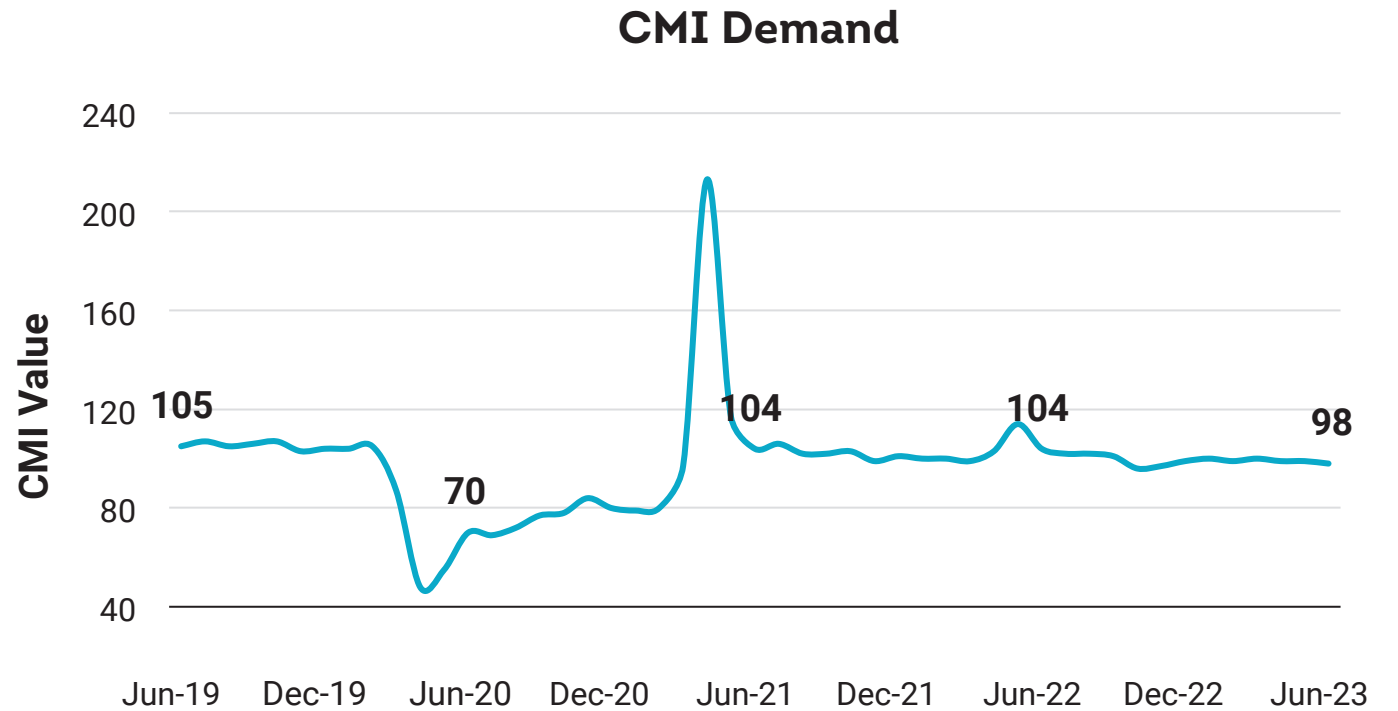


# DEMAND AND SUPPLY TRENDS



## Credit demand continued to show sustained growth during Q2 2023, with consumption-led demand driving the need for credit

Inquiry volumes continue to grow month over month through June 2023, while New-to-Credit shows a steady decline.

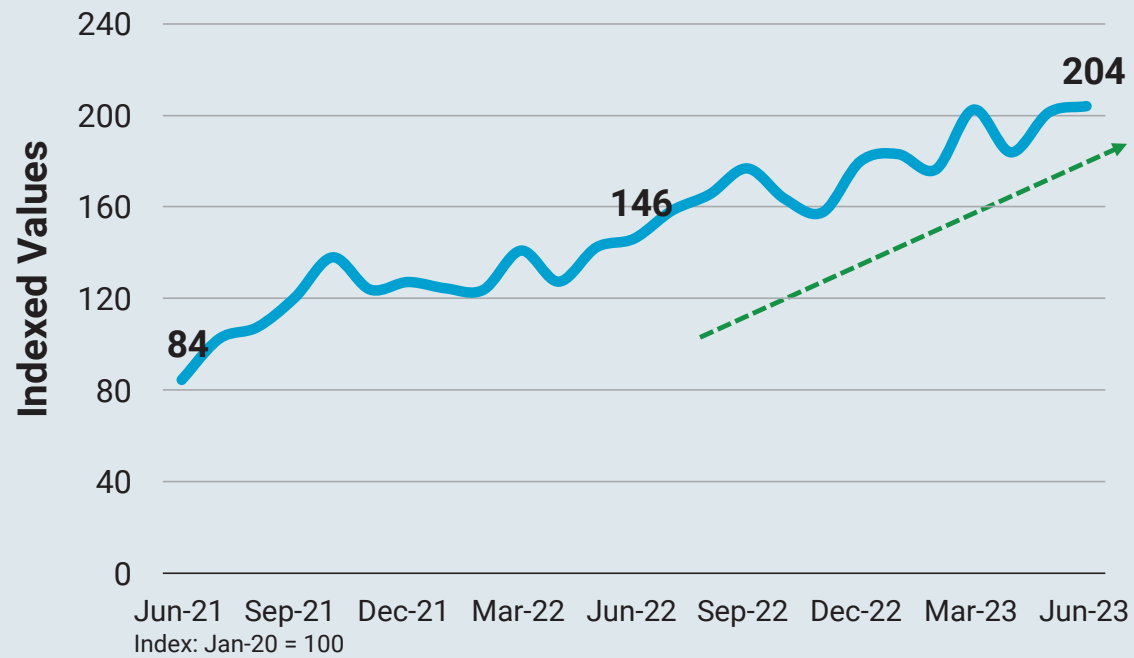


Source: TransUnion CIBIL consumer credit database



## Credit growth remained robust with younger consumers, Semi-urban & Rural Consumers share continue to rise

### Inquiry Volumes



	% Share	Q2 2023 vs Q2 2022
Semi-urban & Rural Consumers	49%	+1%
Younger Consumers	41%	+1%
New-to-Credit Consumers	18%	-2%
Prime Consumers	34%	+2%

CreditVision (CV) score range for Prime = 731-770;  
Younger Consumers – 18-30 years

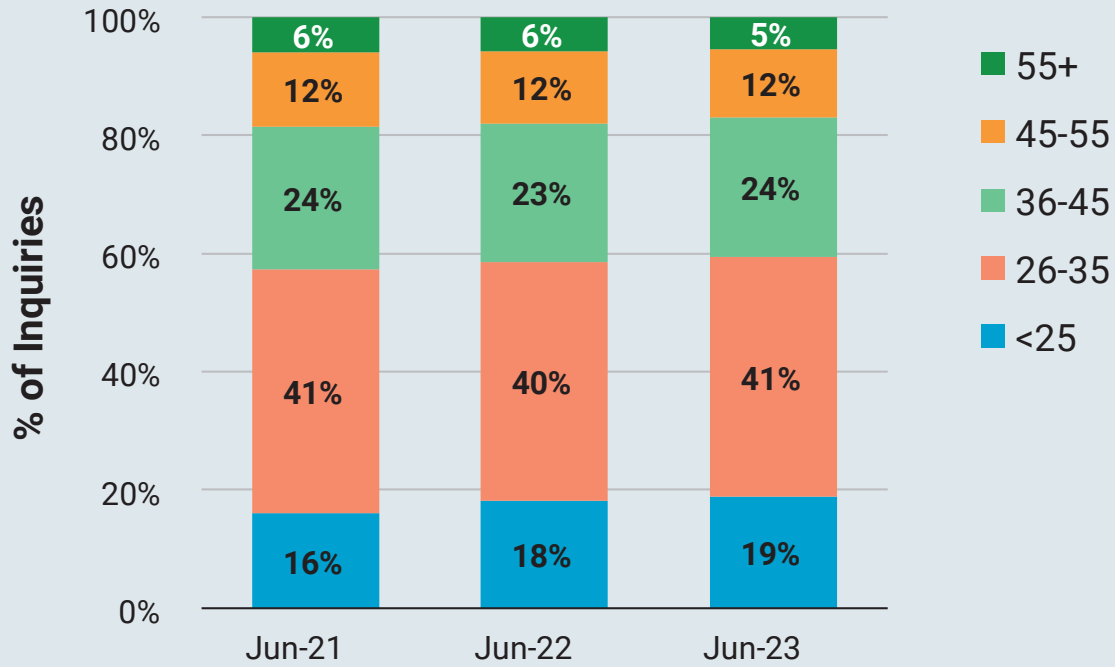
Source: TransUnion CIBIL



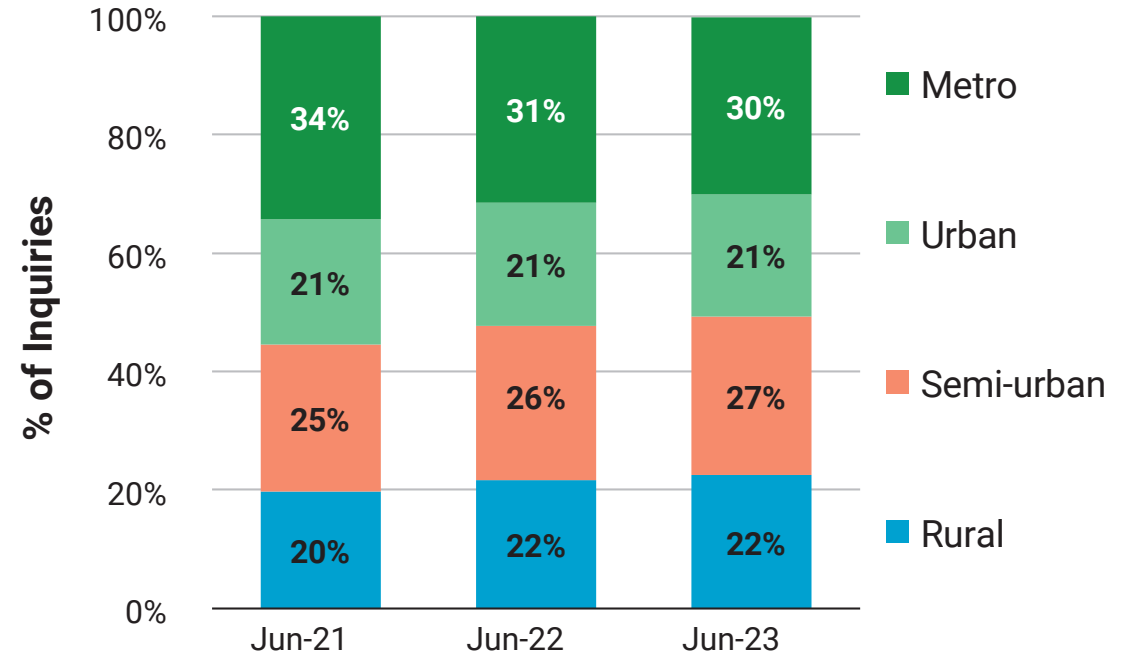


## Young consumer, especially in age group less than 25 driving demand for credit

### Inquiry Volumes by Consumer Age (3M Ended Period)



### Inquiry Volumes by City Tier (3M Ended Period)

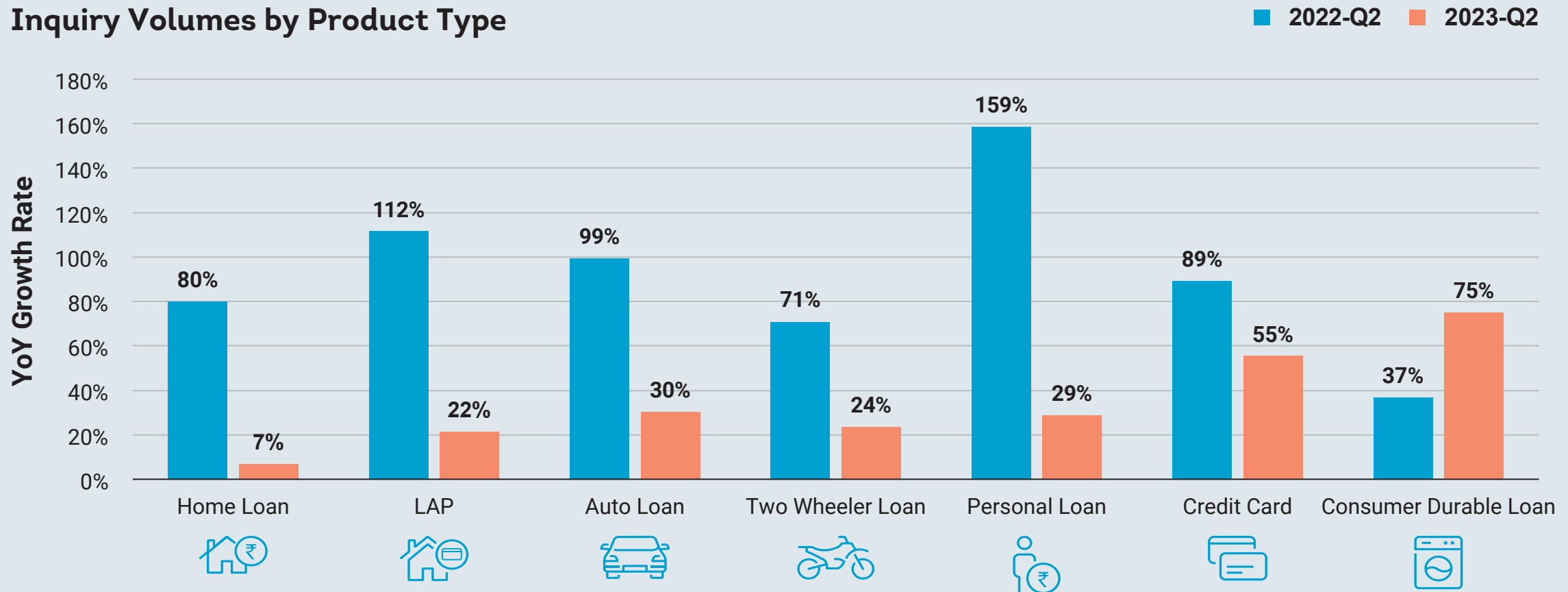


Source: TransUnion CIBIL consumer credit database



## Consumption-led demand continues its trajectory with robust YoY growth

### Inquiry Volumes by Product Type

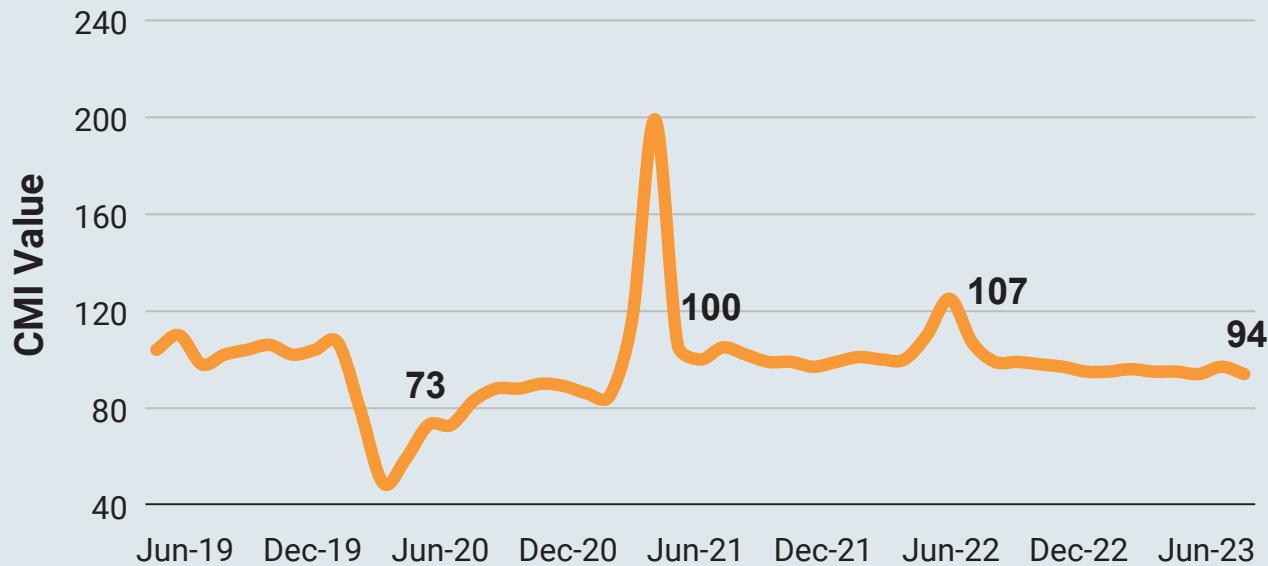


Source: TransUnion CIBIL consumer credit database



## Credit supply for most credit products are exhibiting double-digit growth

### CMI Supply



### YoY Growth in Originations (3M ended Jun-2023)

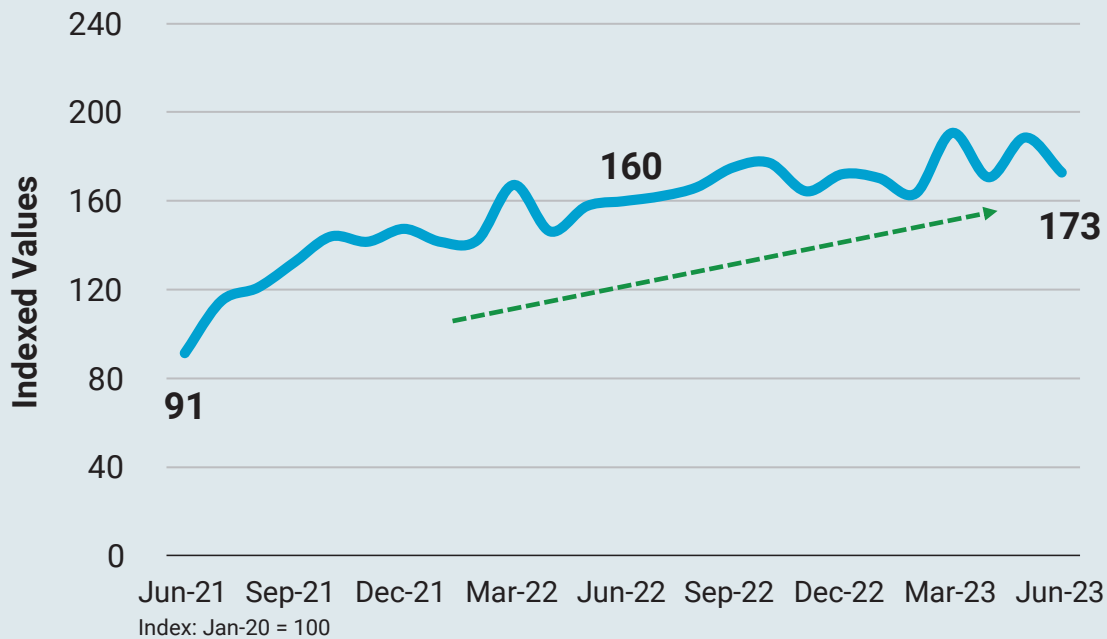
Product	Volume	Value
Home Loan	-12%	-6%
LAP	7%	12%
Auto Loan	-3%	13%
Two-Wheeler Loan	5%	18%
Personal Loan	22%	12%
Credit Card	1%	
Consumer Durable Loan	13%	20%

Source: TransUnion CIBIL consumer credit database



## Originations among younger consumers (18-30 years) remained steady YoY, while those for new-to-credit consumers decreased

### Origination Volumes



	% Share	Q2 2023 vs Q2 2022
Semi-urban & Rural Consumers	59%	+1%
Younger Consumers	33%	0%
New-to-Credit Consumers	15%	-4%
Prime Consumers	39%	+4%

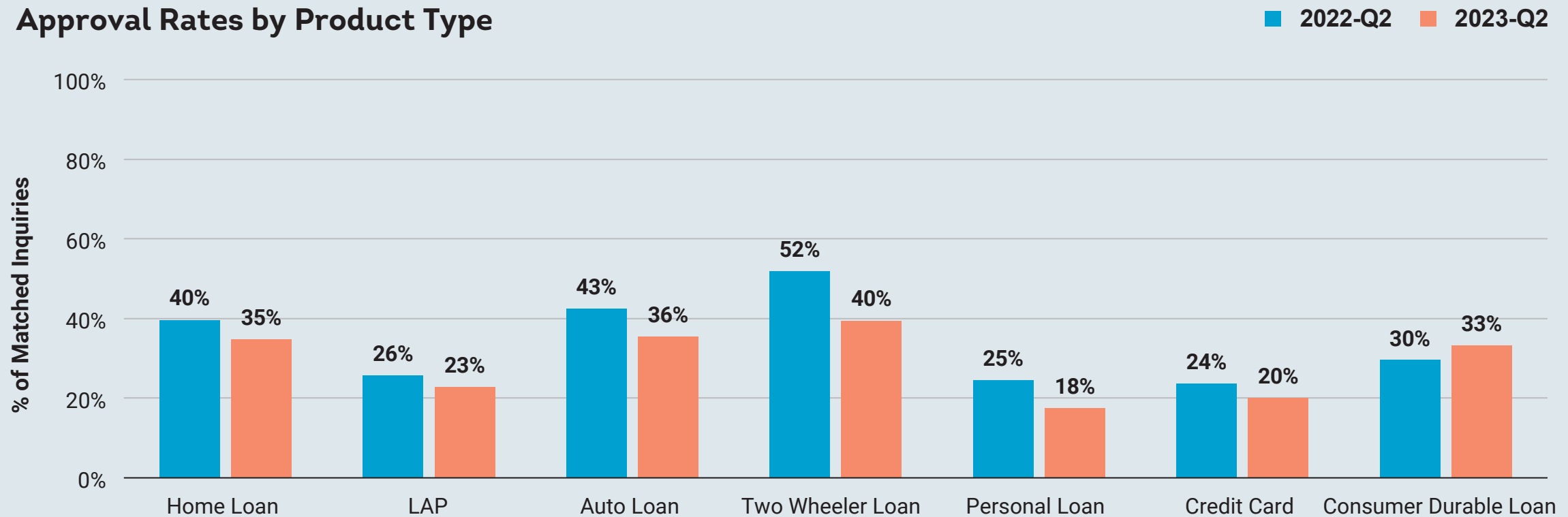
CreditVision (CV) score ranges for Prime = 731-770; Younger Consumers - 18-30 years

Source: TransUnion CIBIL consumer credit database



## Approval rates reduced for most products compared to previous year

### Approval Rates by Product Type



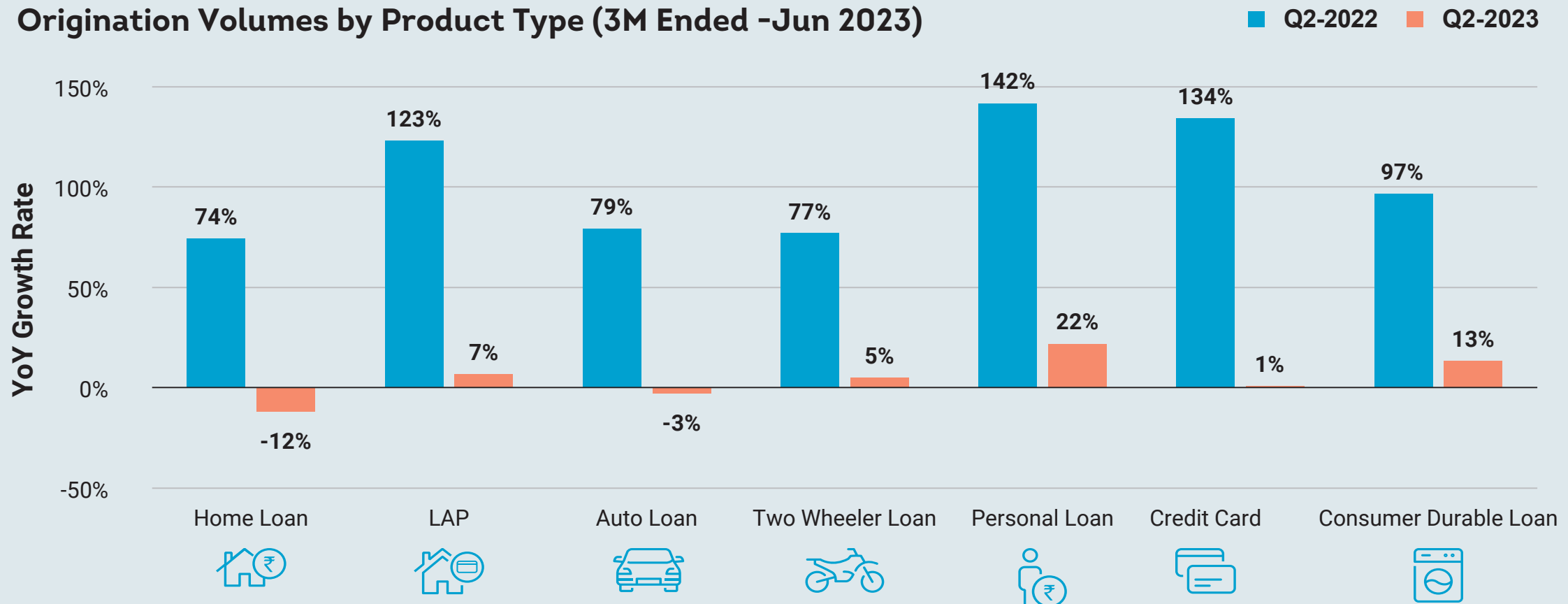
Approval rate is calculated as the percentage of accounts which were opened within the next 90 days of the enquiry for home loans, commercial vehicle, construction equipment and education loans; (enquiry Month – Jan, Feb and Mar); and within the next 30 days of enquiry for all other loans. (Enquiry month – Mar, Apr and May)

Source: TransUnion CIBIL consumer credit database



## Consumption-led products except Credit Cards continue to show double digit YoY growth

Origination Volumes by Product Type (3M Ended -Jun 2023)

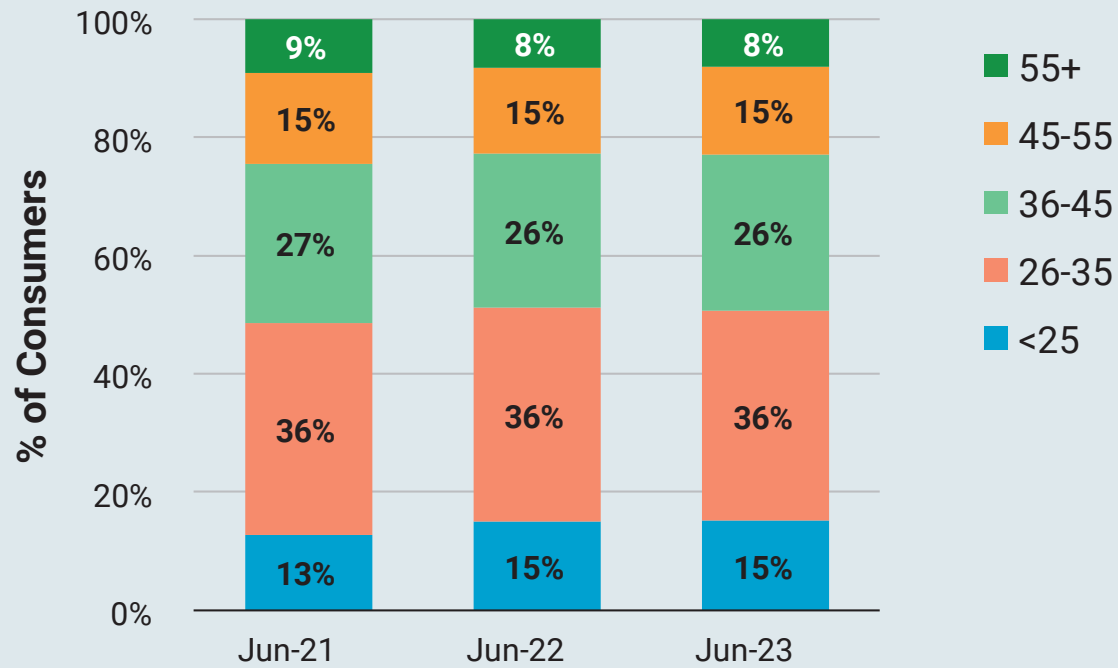


Source: TransUnion CIBIL consumer credit database

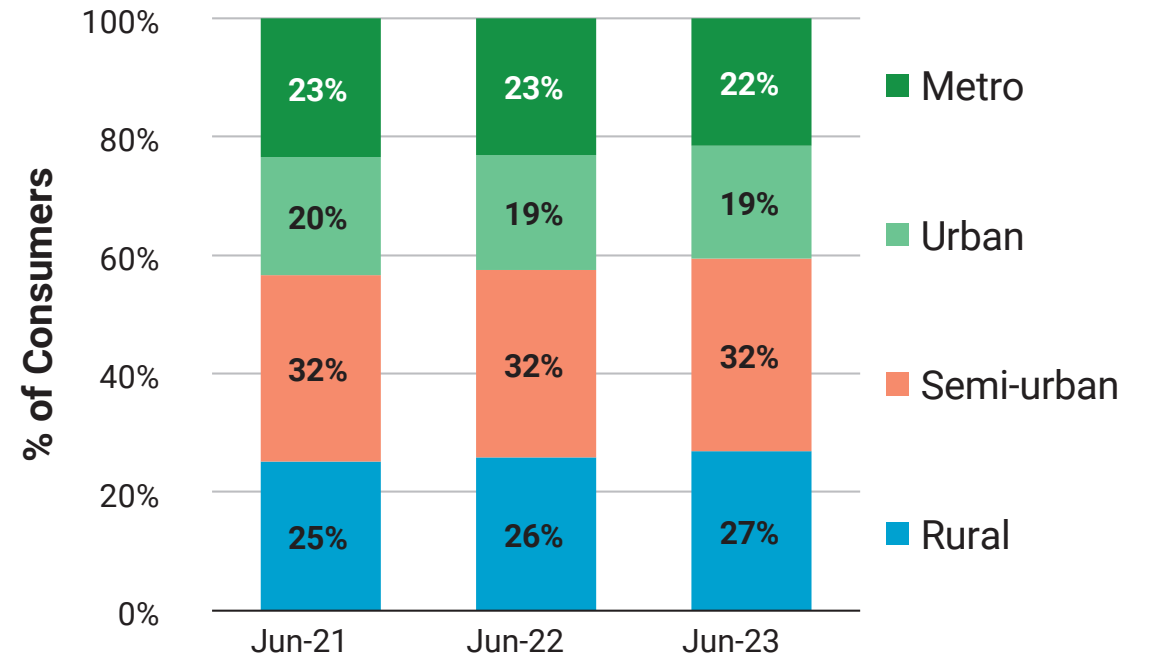


## Credit growth for young population remained stagnant; Rural gaining share YoY

Origination by Consumer Age (3M Ended Period)



Origination by City Tier (3M Ended Period)

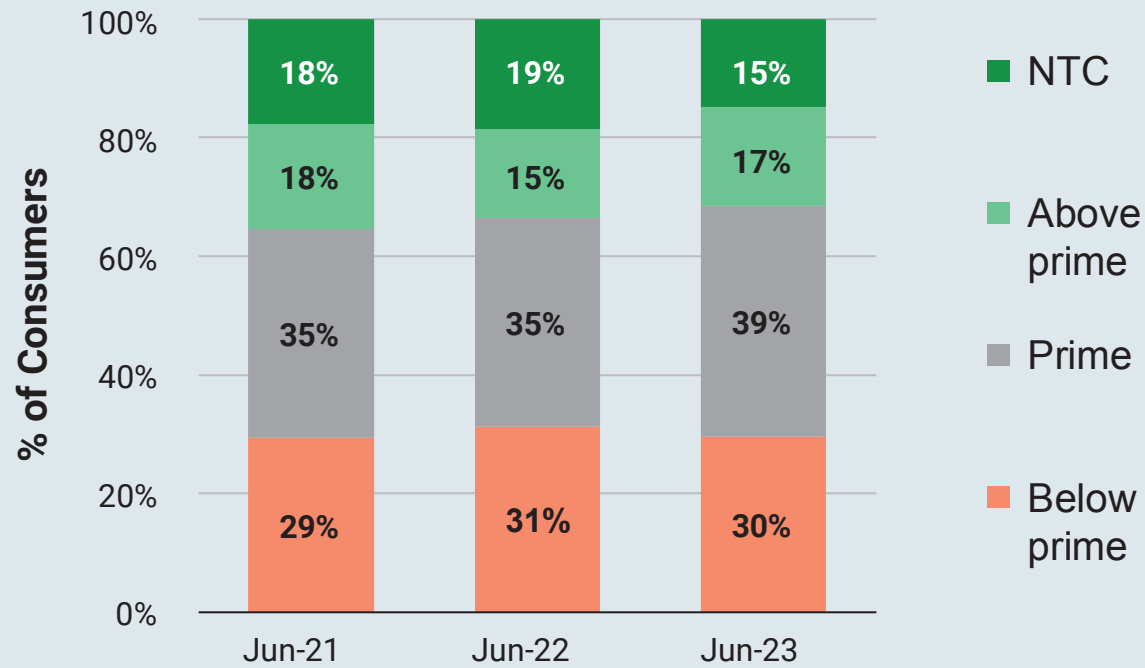


Source: TransUnion CIBIL consumer credit database



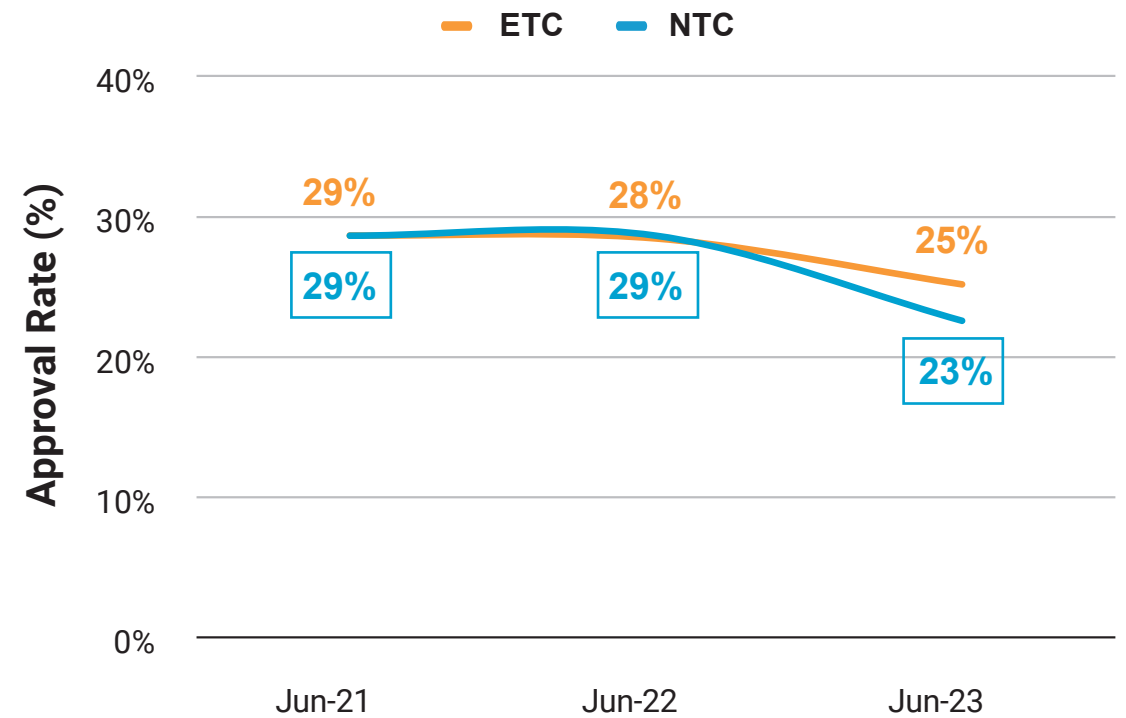
## Share of new-to-credit (NTC) consumers consistently dropping over the period, thereby highlighting untapped opportunities for financial inclusion

Origination Volume by Risk Tier (3M Ended Period)



CreditVision (CV) score ranges are: Subprime = 300-680; Near prime = 681-730; Prime = 731-770; Prime plus = 771-790; Super prime = 791-900

Approval Rates by ETC/NTC (3M Ended Period)



Source: TransUnion CIBIL consumer credit database



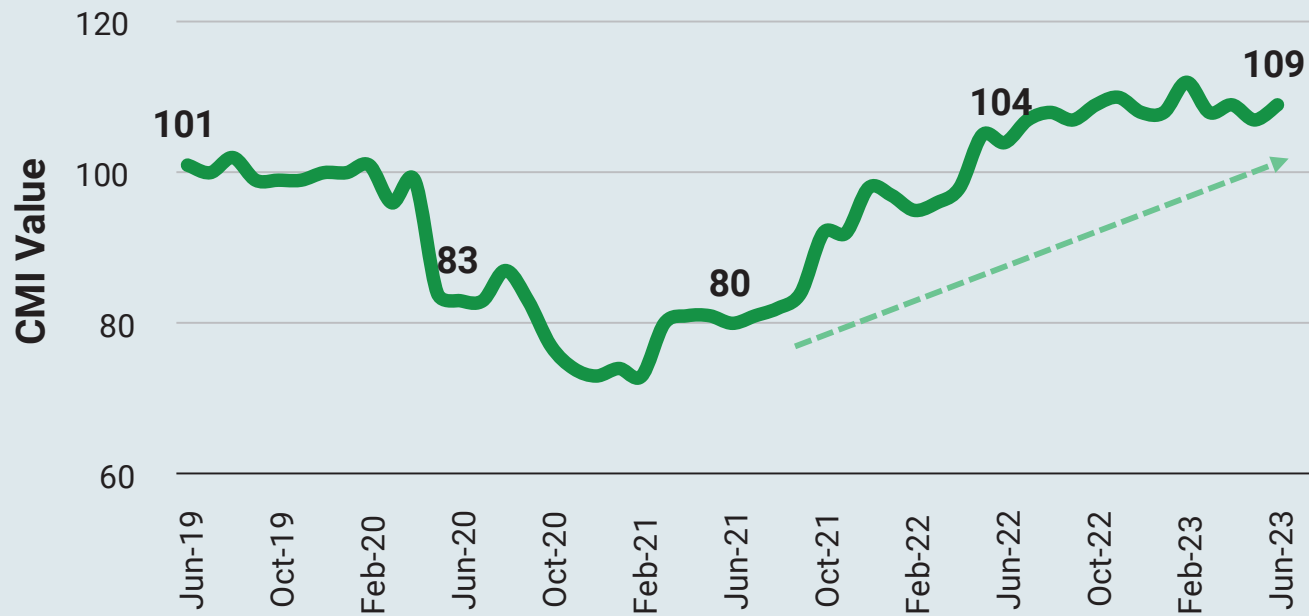


# CREDIT PERFORMANCE AND CHANGES IN CONSUMER BEHAVIOUR



## Portfolio balances continue to show growth across products with improvement in credit activity as well as positive lender sentiments

CMI Consumer Behaviour



YoY Growth in Outstanding Balances (Jun-2023)

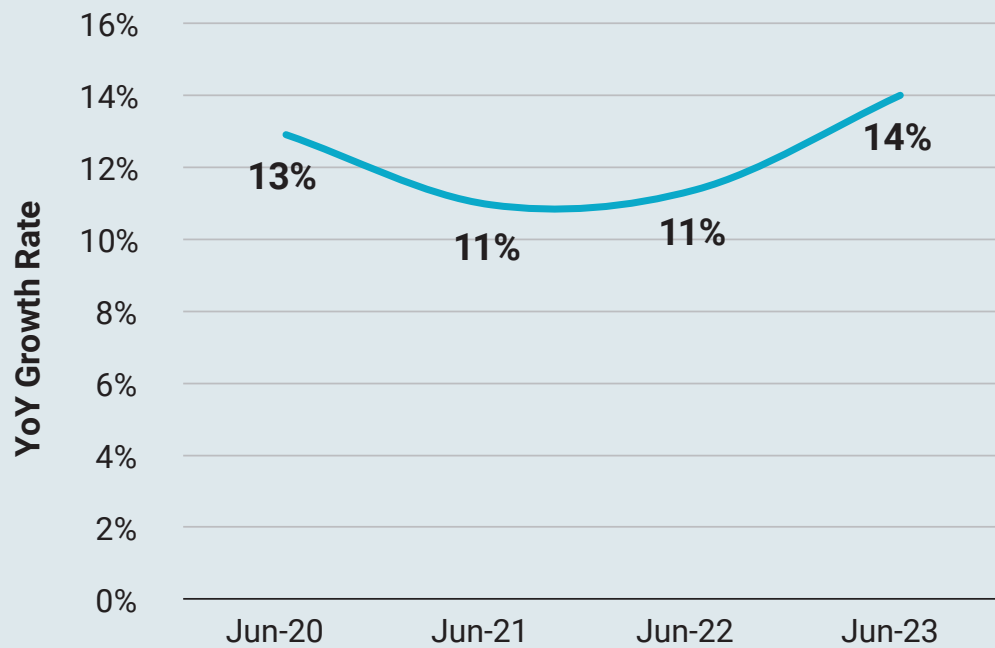
Product	Value
Home Loan	15%
LAP	20%
Auto Loan	23%
Two-Wheeler Loan	31%
Personal Loan	27%
Credit Card	31%
Consumer Durable Loan	24%

Source: TransUnion CIBIL consumer credit database

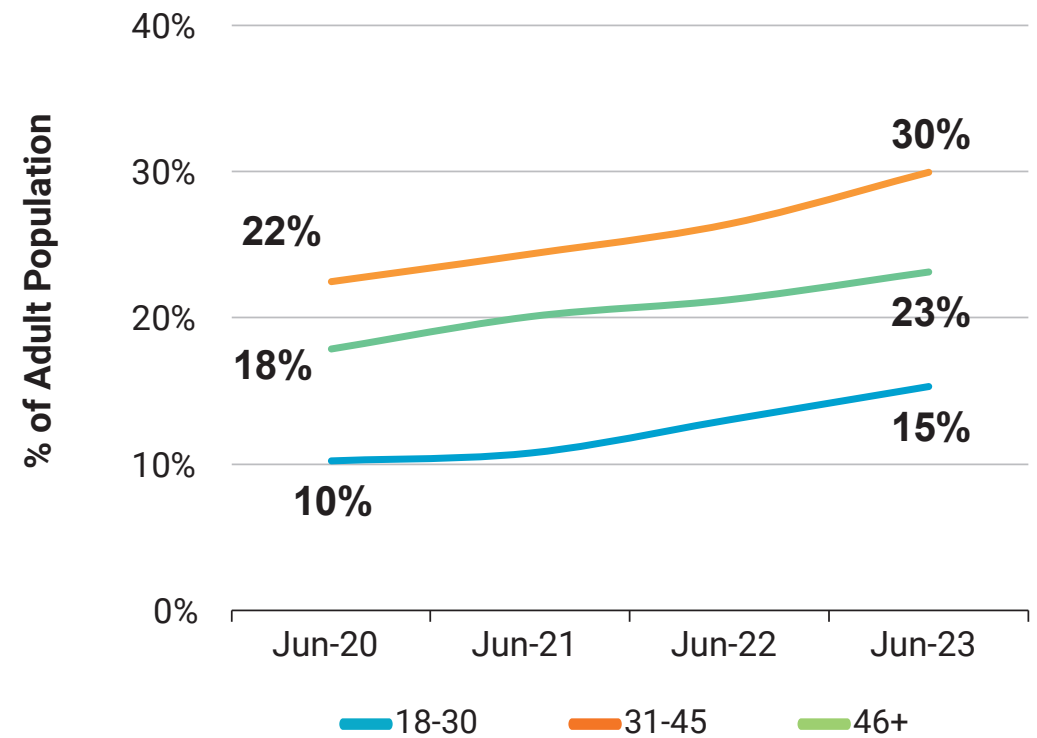


## Strong growth in credit active consumers since last year; young consumers offer a good opportunity to increase credit penetration

### Growth in Credit Active Consumers



### Credit Penetration by Consumer Age



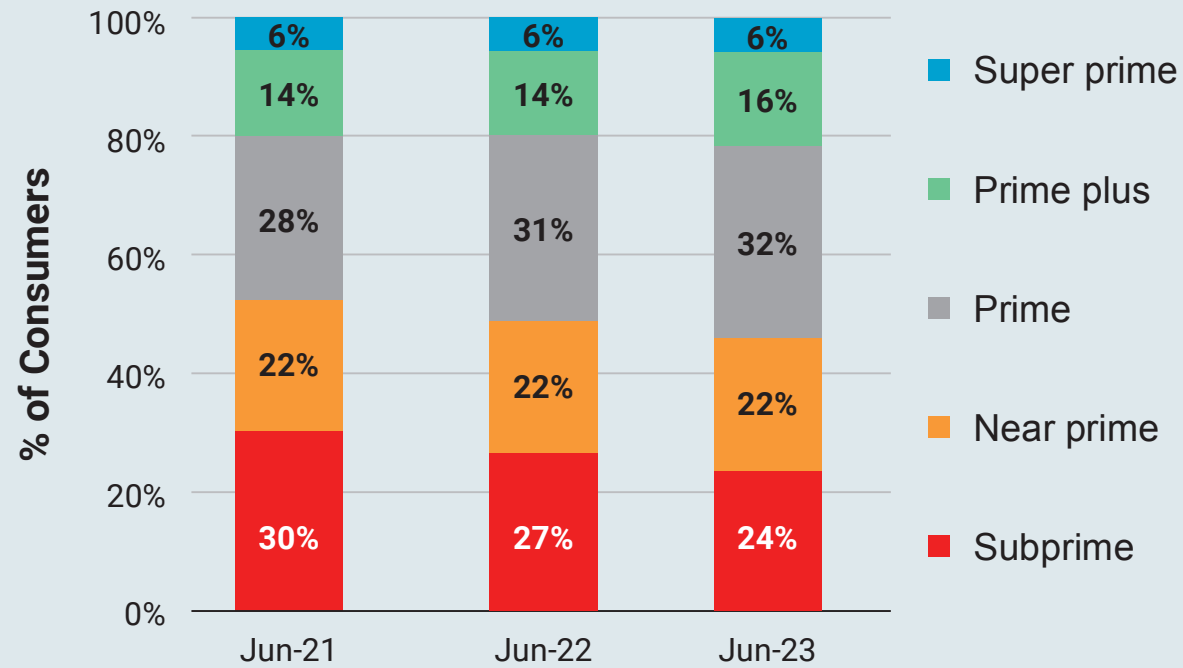
Credit penetration is the percentage of credit active population to the total adult population

Source: TransUnion CIBIL, World Bank Database



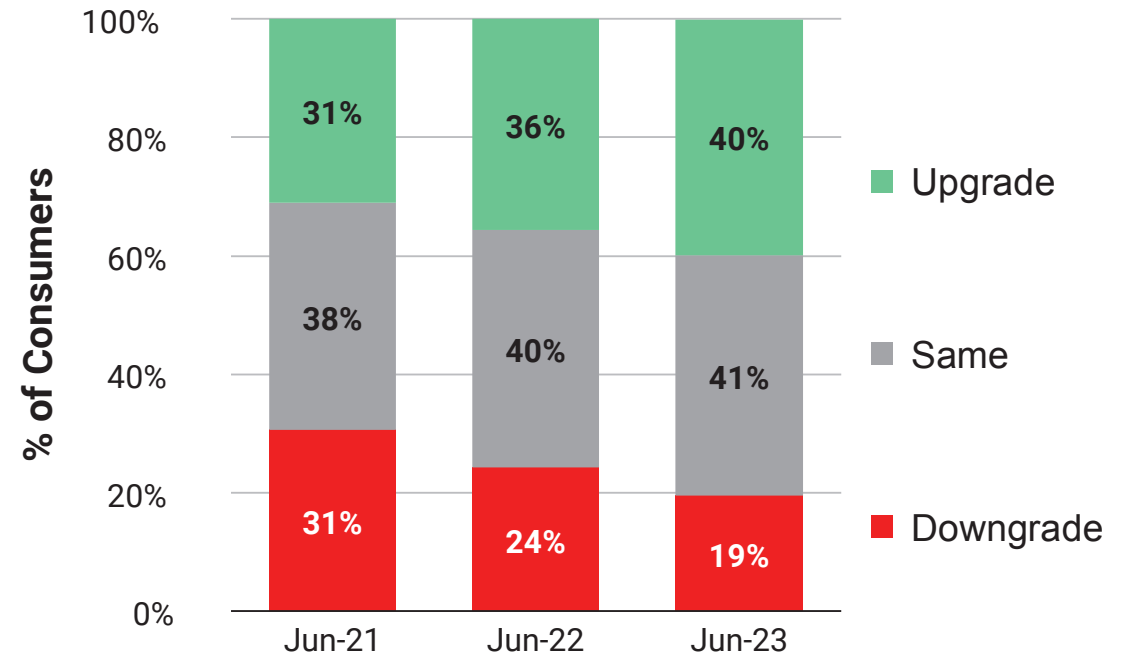
## Share of prime and above has increased; higher upgrades in the Near Prime segment indicating improved consumer behaviour

### Consumer Distribution by Risk Tier



CreditVision (CV) score ranges are: Subprime = 300-680; Near prime = 681-730; Prime = 731-770; Prime plus = 771-790; Super prime = 791-900

### Near Prime Segment 12 Month Score Migration

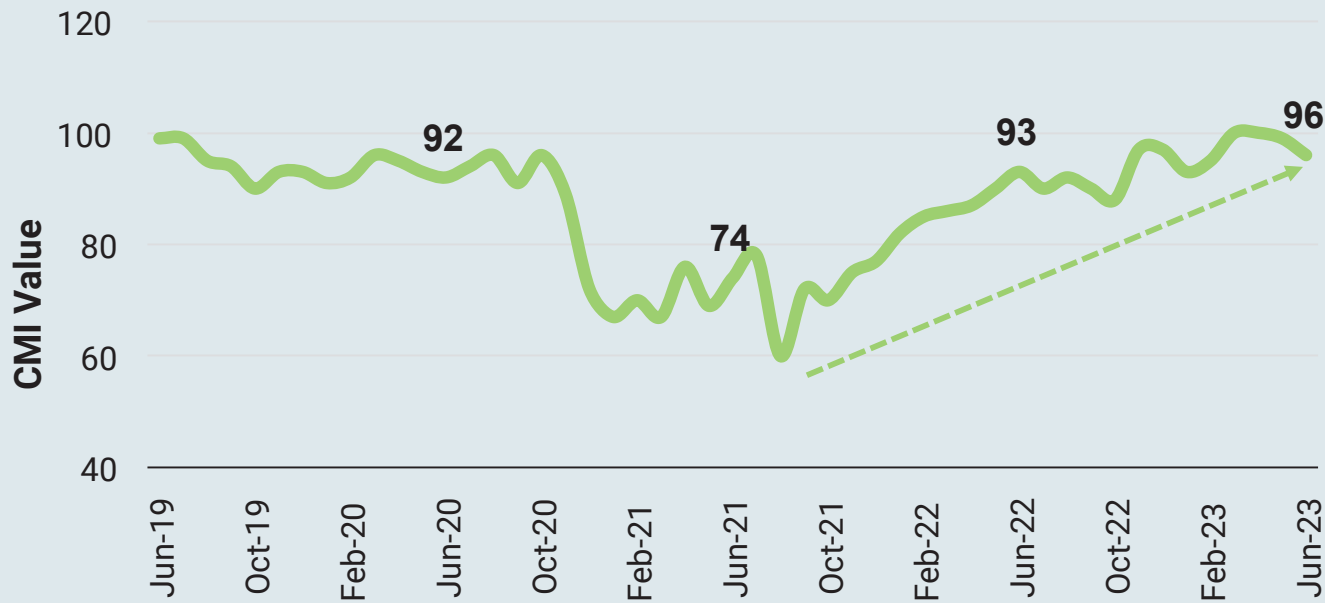


Source: TransUnion CIBIL consumer credit database



## Credit performance continues to improve YoY across for most products

### CMI Performance



Higher value of performance CMI reflects better performance

### Balance-level 90+ DPD by Product (Jun-2023)

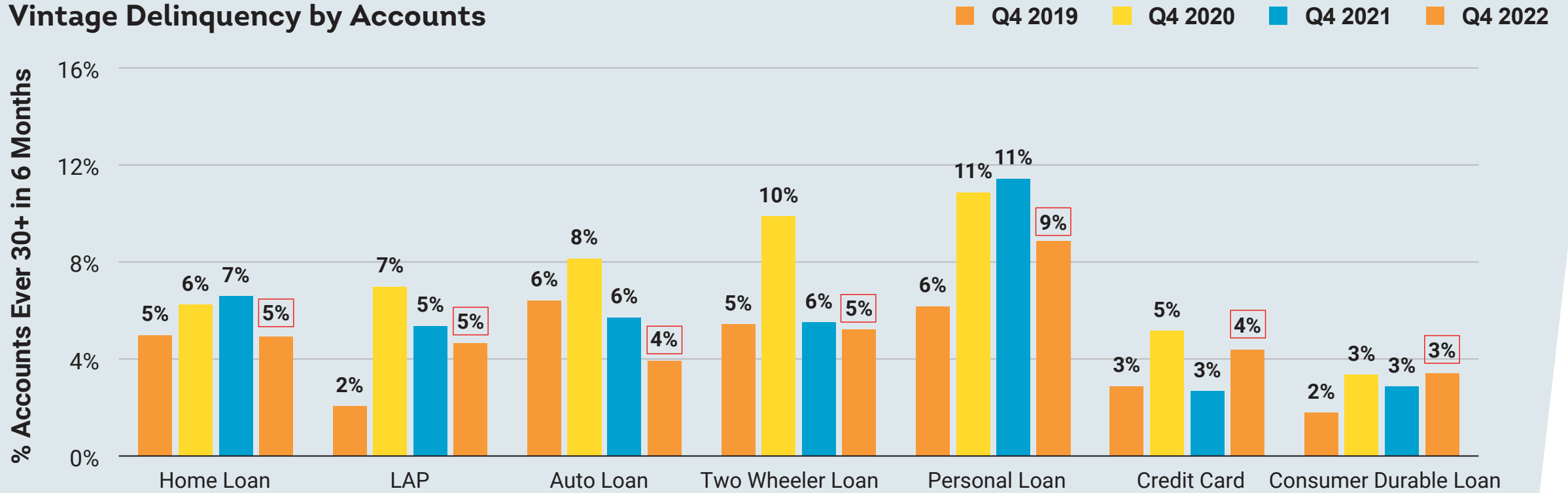
Product	90+ Rate	YoY Change (Bps)
Home Loan	1.21%	-0.12%
LAP	2.18%	-1.01%
Auto Loan	0.69%	-0.24%
Two-Wheeler Loan	1.97%	-0.78%
Personal Loan	0.84%	0.4%
Credit Card	1.63%	0.17%
Consumer Durable Loan	1.68%	-0.01%

Source: TransUnion CIBIL consumer credit database



## Consumption-led products and loan against property have early delinquency higher than pre-covid

### Vintage Delinquency by Accounts



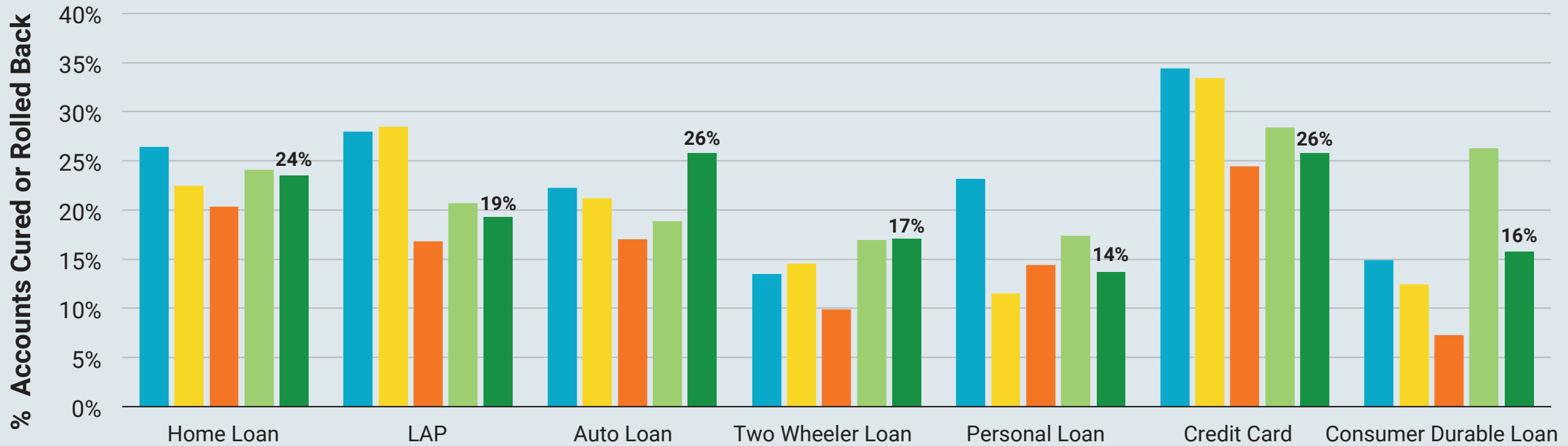
Vintage delinquency is calculated as %of accounts ever 30+dpd in 6 months from origination  
 Origination of Q4 2021 to Q4 2022, vintages measured in Q2 2022 to Q2 2023

Source: TransUnion CIBIL consumer credit database



## Collection efficiencies are lower across products, emphasizing the need for advanced proactive analytics for driving sustained and prudent growth

**30-59 DPD Roll Back + Cure Rates by Product Type (3M Ended Period)** Jun-19 Jun-20 Jun-21 Jun-22 Jun-23



Roll Back + Cure Rate (30-59 DPD bucket) is the percentage of accounts in 30-59 DPD in the previous month, which rolled back, to 1-29 DPD bucket or were normalized to 0 DPD in the current month (Mar, Apr and May)

Source: TransUnion CIBIL consumer credit database



## Definitions and Notes

- All credit related data is sourced from TransUnion CIBIL consumer database
- Retail lending includes all consumer lending products
- The latest month values are subject to revision as additional data get reported to the TransUnion CIBIL credit bureau
- Latest month Origination/disbursement values are provisional and subject to revision as additional data gets reported
- QoQ refers to growth rate of a month in a quarter over a similar month in the previous quarter. As an example, June over March or April over January
- Approval rate is calculated as the percentage of accounts which were opened within the next 90 days of the enquiry for home loans, commercial vehicle, construction equipment and education loans; and within the next 30 days of enquiry for all other loans. Approval Rate month is 30 – 90 days post the enquiry month
- NBFC+ includes Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs) and FinTechs
- CreditVision (CV) score ranges are: Subprime = 300–680; Near prime = 681–730; Prime = 731–770; Prime plus = 771–790; Super prime = 791-900. Grouped together, below prime consumers constitute a CV score of  $\leq 730$  and prime or above a CV score of  $\geq 731$
- NTC (New to Credit) Consumers refers to those consumers who do not have a score at the time of loan origination for that particular month. An increase in NTC% indicates higher financial inclusion
- Delinquency rates are measured as percentage of accounts, balances in 30, 90, 180, 360 to 719 days past due respectively for home loan, property loan and agriculture loans; 30,90 to 359 days past due for commercial vehicle loan, construction equipment loan and tractor loan; and 30, 90 to 179 days past due respectively for other products
- Roll Back + Cure Rate (30-59 DPD bucket) is the percentage of accounts in 30-59 DPD in the previous month, which rolled back to 1-29 DPD bucket or were normalized to 0 DPD in the current month
- Cure Rate (180-359 DPD bucket) is the percentage of accounts in 180-359 DPD in the previous month, which normalized to 0 DPD in the current month
- Subprime to Above Subprime Consumers% is the percentage of consumers who were subprime (CV score 300-680) 12 months prior and migrated to above subprime (CV score 681-900) for that particular month. Higher percentage reflects improvement
- Above Subprime to Subprime Consumers% is the percentage of consumers who were above subprime (CV score 681-900) 12 months prior and migrated to subprime (CV score 300-680) for that particular month. Higher percentage reflects deterioration





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