

Press Release

Bank of Baroda, CRISIL sign MoU for SME grading

Unique credit analytics, digital interface to be key differentiator

Mumbai, July 4, 2019:Bank of Baroda, India's leading and trusted bank with a network of 9,500 branches, has announced a memorandum of understanding (MoU) with CRISIL Ltd, a leading, agile and innovative global analytics company, for assessing the credit quality of its existing and prospective customers in the small and medium enterprises (SME) segment.

CRISIL will assess the SMEs by processing and analysing structured, unstructured and new data streams through www.smefirst.com, its digital platform, and Quantix, its proprietary platform for data and analytics. CRISIL aims to transform access to credit for SMEs by leveraging its decades of experience in analysing credit.

While loans to SMEs have grown at around 13% annually over the past decade, accounting for nearly 15% of bank credit today, SMEs have been dependent on informal channels of finance because of lack of granular data and credit assessment mechanisms. Access to credit is critical for SMEs to grow, especially since they are the backbone of the economy with around 6.3 crore of them employing over 11 crore people and accounting for 29% of India's GDP and 40% of exports.

P.S Jayakumar, MD & CEO, Bank of Baroda said, "The MSME sector requires a lot of support from large banks like ours as they generate maximum employment generation in the country. While Bank of Baroda already had a sizable book on SME lending, post-amalgamation our pan-India presence will enhance the bank's business in this space as the share of the SME segment in the total loan book would increase significantly. Our tie-up with CRISIL will strengthen the evaluation process of SMEs and enable growth of the SME lending business."



P.S Jayakumar, MD & CEO, Bank of Baroda & Ashu Suyash, MD & CEO, CRISIL along with officials of Bank of Baroda and CRISIL at MoU signing ceremony

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Says AshuSuyash, Managing Director and CEO, CRISIL Ltd, "The SME lending market, at Rs 18 lakh crore, presents a great opportunity for banks and providers of analytics like CRISIL, given the low levels of penetration. Increased digitalisation of the economy, availability of new data sources such as GST, in addition to traditional financial data and non-traditional data sources, allow for new analytics-based grading of SMEs. CRISIL's suite of research and analytical tools, deep institutional intelligence, and experience from grading and assessing 1.45 lakh SMEs, will enable faster and improved credit decisioning. The MoU with Bank of Baroda is a step in this direction."

Bank of Baroda will also leverage CRISIL's SME cluster study services for ongoing intelligence on business prospects at both sector and geography levels. This will afford it a focussed approach to grow its SME lending business across identified clusters and industries based on evaluation of opportunities and risks.

Added V.S. Khichi, Executive Director, Bank of Baroda, "The biggest challenge in this sector has been the availability of finance. If an SME does not receive financial support from banks, they typically tend to fall back on either the promoter's own savings or borrowings from family and friends. We hope that this partnership will help identify businesses that will aid the India growth story of tomorrow."

CRISIL's grading indicate the relative creditworthiness of SMEs based on an eight-point scale, where 1 indicates the highest creditworthiness and 8 poor creditworthiness. The credit evaluation process includes proprietary analytics and tools such as the CRISIL Financial Sensitivity Model, and peer analytics and benchmarks based on information gleaned from over 60,000 enterprises.

"CRISIL's SME cluster study generates sharp insights at both location and sector levels based on a combination of deep domain expertise and analytics, and primary and secondary research," said Amish Mehta, Chief Operating Officer, CRISIL. "That gives lenders actionable market insights on SMEs."

About Bank of Baroda

Bank of Baroda ("The Bank") established on July 20, 1908 is a State-owned banking and financial services organization, headquartered in Vadodara (earlier known as Baroda) in Gujarat, India.

Bank of Baroda is India's third largest bank with a strong domestic presence supported by self- service channels. Bank's distribution network includes 9,500+ branches, 13,400+ ATMs and 1,200+ self-service e-lobbies. The Bank has a significant international presence with a network of 100 branches/offices of subsidiaries, spanning 21 countries. The Bank has wholly owned subsidiaries including BOB Financial Solutions Limited (erstwhile BOB Cards Ltd.), BOB Capital Markets and BOB Asset Management Co. Ltd. Bank of Baroda also has joint venture for life insurance viz. India First Life Insurance . The Bank owns 98.57% in The Nainital Bank. The Bank has also sponsored three Regional Rural Banks namely Baroda Uttar Pradesh Gramin Bank, Baroda Rajasthan Gramin Bank and Baroda Gujarat Gramin Bank.

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About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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