MFI Credit Registry

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Why in news?

Fintech company Recordent has launched a shared credit information platform for not-for-profit microfinance institutions (MFIs).

- **Microfinance Institutions** – These are bodies specifically established to support business development and community empowerment, especially owners of small business entities or MSMEs.
- **Aim of the Registry** – To reduce defaults by helping lenders identify borrowers with multiple loans and curb over-indebtedness.
- **Platform Purpose** – The MFI Credit Registry allows Section 8 MFIs (non-profit lenders serving low-income households) to share borrower loan and repayment data before sanctioning fresh credit.
- **Partnerships** – Developed in consultation with Sa-Dhan, the RBI-appointed self-regulatory body for microfinance.
- The platform already covers 10 MFIs and is expected to strengthen responsible financial inclusion.
- **Scale of Sector** – Section 8 MFIs currently manage an estimated Rs 4,000 crore of assets, while India's overall microfinance sector has a loan portfolio of ₹3.2 lakh crore across 10.5 crore active loans.
- According to the *Microfinance Insights Report* (February 2026) by Equifax, India's microfinance sector has a loan portfolio of Rs 3.2 lakh crore spread across 10.5 crore active loans.
- **Data Integration –** The platform combines data shared by participating MFIs with credit bureau information to generate a consolidated borrower credit report.
- **Benefits for MFIs**
- **Improved Credit Appraisal** – Lenders can assess borrower risk more effectively.
- **Early Stress Detection** – Identifies financial stress before defaults occur.
- **Faster Lending Decisions** – Streamlined access to borrower history reduces processing time.
- **Reduced Risk of Multiple Loans** – Prevents borrowers from taking excessive loans across institutions.

Reference

Business Standard | Recordent launches credit registry for non-profit MFIs to curb defaults



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