Youngsters Consciousness On Credit Score With Special Reference To Coimbatore District

Ms. Shenbaga Priya R[1], Mrs. D. Jincy[2]
Department of Commerce
[1]Sri Krishna Adithya College Of Arts And Science, Coimbatore- 641010
[2]Associate professor, Sri Krishna Adithya College Of Arts And Science, Coimbatore- 641010

Abstract- *This study investigates the awareness and understanding of credit scores among young individuals in Coimbatore district. In today's financial landscape, credit scores play a crucial role in accessing financial services and opportunities. Using a combination of quantitative surveys and qualitative interviews, this research delves into the factors influencing youngsters' knowledge and attitudes towards credit scores. It examines the level of awareness among young adults regarding the significance of credit scores, their understanding of how credit behaviour impacts scores, and their strategies for improving or maintaining their scores. Furthermore, the study explores the sources of information about credit scores and assesses the role of education, family, and social environment in shaping youngsters' consciousness on this matter. The findings provide insights into the specific challenges and opportunities related to credit score awareness in Coimbatore district and offer implications for policymakers, educators, and financial institutions aiming to enhance financial literacy and promote responsible credit behaviour among the youth in the region.*

I. INTRODUCTION

A credit score is a quantitative measure of a borrower's creditworthiness, typically derived from an individual's credit history, financial status, and other relevant characteristics. It serves as a statistical analysis performed by banks and financial institutions to assess a borrower's credit risk. Factors such as repayment history, length of credit history, number of credit inquiries, active credit accounts, and loans contribute to computing the three-digit number known as a credit score or CIBIL score. FICO scores, ranging from 300 to 850, are commonly used, with higher scores indicating better creditworthiness and greater likelihood of loan approval at favourable rates. In the United States, three major credit bureaus—Equifax, Experian, and TransUnion—compile and analyse consumer credit information, each calculating FICO scores slightly differently using the same data.

OBJECTIVES:

- To understand the awareness of credit scores among youngsters.
- Analysing the problems faced by youngsters due to credit scores.
- To give suggestions to improve credit scores.

SCOPE OF THE STUDY:

Young individuals seeking to build credit are often highly conscious of their credit scores. They understand that these scores have significant implications for their future borrowing and financial opportunities. With easy access to information about their financial positions and opportunities, they are more motivated than ever to manage their credit responsibly.

II. RESEARCH METHODOLOGY

Research methodology is a systematic approach or framework used by researchers to conduct their investigations, gather data, analyse findings and conclusions. Methodology is a way to systematically solve a research problem. It explains the various steps that are generally adopted by a researcher to solve a research problem.

SAMPLING METHOD:

Random sampling method was used for selecting the respondents.

AREA OF THE STUDY

The area of the study is about Coimbatore City.

SAMPLE SIZE:

The sample size taken for the present study is 125 respondents.

III. METHOD OF DATA COLLECTION

Sources of data: Primary data

PRIMARY DATA

The present study is based on primary data. It is collected through questionnaire.

LIMITATIONS OF THE STUDY:

- The sample size is small for the accurate study of the customer.
- Availability of time and cost aspects are the factors that are considered as the limitation for the study.
- Respondents tried to escape some statements by simple answering.

IV. REVIEW OF LITERATURE

(TAUFIK FATUROHMAN, 2023) This model employs logistic regression using customer data with demographic, asset, occupation, and financing payment indicators. These results form a risk assessment model to identify significant factors affecting default probability.

(LUO, 2020) The new approach's predictive performance is assessed using both numerical and textual data. Results show it achieves superior and more consistent classification accuracy compared to single classifiers in most cases, while also enhancing the accuracy of individual classifiers. This study offers a comprehensive credit risk scoring model using artificial intelligence, contributing valuable insights to existing literature on credit scoring.

(KEVIN J. LEONARD, 1995) Presents a set of quality measures which can be used to evaluate the effectiveness of credit scoring models. These measures comprised standard performance statistics in order to ensure widespread applicability. Calculates quality measures for actual scoring models in place at a Canadian bank.

4.1 SIMPLE PERCENTAGE ANALYSIS

It is a method of analysing data or information by expressing it in terms of percentages. It helps in expressing parts of a whole or segments of data in terms of percentages, making it easier to understand and compare.

S.NO	VARIABLES	CATEGORIES	NO. OF. RESPONDENTS	PERCENTAGE
1	GENDER	Male	47	37.6%
		Female	78	62.4%
		Others	0	0
2	AGE	Below 20	55	44%
		20-30	57	45.6%
		30-40	8	6.4%
		40-50	3	2.4%
		Above 50	2	1.6%
3	EDUCATION QUALIFICATION	Below 12th	25	20%
		Undergraduate	84	67.2%
		Post graduate	16	12.8%
4	EMPLOYMENT STATUS	Private Sector	20	16.4%
		Public Sector	9	7.2%
		Self Employed	21	17.2%
		Unemployed	75	61.5%
5	MARITAL STATUS	Married	18	14.4%
		Unmarried	107	85.6%
		Below 20000	65	62.5%
		20000-40000	30	24%
6	MONTHLY INCOME	40000-60000	20	16%
		Above 60000	10	8%
7	AWARENESS ABOUT CREDIT SCORE	Yes	90	73.2%
		No	35	28
8	IMPORTANCE OF CREDIT SCORE	Very Important	61	49.6%
		Important	44	35.8%
		Somewhat Important	15	12.2%
		Not Important	5	4%
9	CHECKING CREDIT SCORE REPORT	Yes	62	49.6%
		No	63	50.4%
10	KNOW ABOUT CREDIT SCORE	School / college	41	32.8%
		Parents / Family	30	24.2%
		Friends / Relatives	25	20.2%
		Financial Resources	12	9.7%
		Online Resources	6	4.8%
		Others	11	8.9%
11	FACTORS INFLUENCING CREDIT SCORE	Payment history	64	52.5%
		Total debt	36	29.5%
		Wage of available credit	19	15.6%
		Length of credit history	19	15.6%
		Credit mix	20	16.6%

		Repayment history	26	21.3%
12	DIFFICULTIES OFUNDERSTANDING CREDIT SCORE	Yes	64	51.2%
		No	61	48.8%
13	GET LOAN USING CREDIT SCORE	Yes	45	36%
		No	80	64%
14	SOURCE APPLIED FOR LOAN	By Visiting Bank	26	23.9%
		Private Financial Institution	19	17.4%
		Online Loan apps	26	20.8%
		Others	54	49.5%
15	IMPROVE CREDIT SCORE	Pay bills on time	49	39.2%
		Avoid closing old accounts	17	13.6%
		Check your credit report regularly	13	10.4%
		All of the above	46	36.8%
16	CREDIT TRANSPARENCY	Yes	90	73.8%
		No	35	28%
		Weigh assigned to different types of credit accounts	19	15.2%
		Impacts of hard inquiries on credit score	35	28%
17	FACTORS INFLUENCE CREDIT TRANSPARENCY	Length of time negative items stay on a credit report	15	12%
		All of the above	56	4.8%

(SOURCE: PRIMARY DATA)

INTERPRETATION

The above shows that Majority 62.4% of the respondents are female. Majority 45.6% of the respondents were from the age 20-30. Majority 67.2% of the respondents are undergraduate. Majority 61.5% of the respondents are unemployed. Majority 85.6% of the respondents are unmarried. Majority 62.5% of the respondents were below 20,000. Majority 73.2% of the respondents are aware about credit score. Majority 49.6% of the respondents credit score is most important. Majority 50.4% of the respondents didn't check their credit score. Majority 32.8% of the respondents know credit score in their school and colleges. Majority 52.5% of the respondents said that payment history is main factors influencing credit score. Majority 51.2% of the respondents faced difficulties at the time understanding about credit score. Majority 64% of the respondents didn't get loan using credit score. Majority 49.5% of the respondents have applied loan in various sources other than visiting bank, private financial institution and online loan apps. Majority 39.2% of the respondents told that pay bills on time helps to improve credit score. Majority 73.8% of the respondents said that credit transparency is must to publics. Majority 44.8% of the respondents said that weigh assigned to different types of credit accounts, impacts of hard inquiries on credit score, Length of time negative items stay on a credit report are factors influence credit transparency.

FINDINGS

- Majority 62.4% of the respondents are female.
- Majority 45.6% of the respondents were from the age 20-30.
- Majority 67.2% of the respondents are undergraduate.
- Majority 61.5% of the respondents are unemployed.
- Majority 85.6% of the respondents are unmarried.
- Majority 62.5% of the respondents were below 20,000
- Majority 73.2% of the respondents are aware about credit score.
- Majority 49.6% of the respondents credit score is most important.
- Majority 50.4% of the respondents didn't check their credit score.
- Majority 32.8% of the respondents know credit score in their school and colleges.
- Majority 52.5% of the respondents said that payment history is main factors influencing credit score.
- Majority 51.2% of the respondents faced difficulties at the time understanding about credit score.
- Majority 64% of the respondents didn't get loan using credit score.
- Majority 49.5% of the respondents have applied loan in various sources other than visiting bank, private financial institution and online loan apps.
- Majority 39.2% of the respondents told that pay bills on time helps to improve credit score.
- Majority 73.8% of the respondents said that credit transparency is must to publics.
- Majority 44.8% of the respondents said that weigh assigned to different types of credit accounts, impacts of hard inquiries on credit score, Length of time negative items stay on a credit report are factors influence credit transparency.

SUGGESTIONS

1. Organize workshops in communities, schools, or workplaces to educate people about credit scores,

how they are calculated, and their significance in financial decisions.

2. Create workshops about how to use online loan apps using credit score in emergency or in personal issues. And tell about the details want to apply for the online loan apps.
3. The public or youngsters should be more careful because fraudulent activities have been happened. So, know about them and tell the credit score details.
4. Checking credit report and improve credit score helps for transaction securely without any issues. Credit report transparency is more important to avoid issues and confusions.
5. Paying bills on time, pay bills off, avoid opening too many accounts reduce credit balance, lot of credit transactions are helps to improve credit score.

V. CONCLUSIONS

A credit score project is crucial for raising awareness and empowering individuals to manage their financial well-being. Through educational workshops, online resources, and community events, we can provide the tools needed to understand and improve credit scores. Offering services like financial counselling, credit builder loans, and peer support networks provides personalized guidance for those seeking to enhance their financial stability. This project promotes financial literacy, encourages positive financial behaviours, and empowers individuals to build brighter futures. Investment in education, resources, and support helps individuals overcome challenges and achieve long-term financial goals.

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WEBSITES LINK

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