

Northern Arc Capital launches ML powered underwriting solution

'Nu Score' offers real-time, data-backed risk assessment for evaluating a borrower

- **A proprietary machine learning-based solution for financial institutions' underwriting requirements**
- **Helps organizations optimize risk and reduce turnaround time for disbursing loans**
- **Solution with seamless integration that will enable real time decision making**
- **Key enabler in formal access to credit to millions of underserved customers in the country**

Chennai, January 12, 2023: Northern Arc Capital, one of India's leading diversified financial services companies today launched Nu Score, a proprietary credit scoring solution. The machine learning based solution will offer microfinance companies and other lenders seamless, real-time digital decisioning support for underwriting at the point of sale. It is a testament to Northern Arc's client centric approach in providing a comprehensive value proposition to its partners for high quality growth.

Nu Score helps financial institutions use the rich data collected by them to quantify risk and price it accurately. It provides a credit score along with loan quantum and pricing recommendation, with a summary of the key factors impacting the score for a customer.

Nu Score has been developed on Northern Arc's data repository of 25 million loans spanning over a decade. This includes data points from across the country and over different economic & credit cycles, including macro shocks and regional events like natural disasters.

Ashish Mehrotra, CEO & MD, Northern Arc Capital said, "At Northern Arc, we have always put our clients at the centre of everything we do. Our value proposition has been to offer seamless digital platforms to our partners to meet challenging goals across assets and liabilities. Nu Score will form an integral part of our enterprise solution that will help originators optimize risk, reduce TAT and serve clients better. It will enable them to scale their portfolio quickly and build a high quality book".

Sh. S. Ramann, CMD SIDBI said that " Micro Enterprises (MEs) play an important role in the growth of the economy and encourage entrepreneurship among youth. Access to finance to this underserved/unserved segment of MSMEs is one of the key requirements for achieving growth. Data and Technology based solutions can accelerate outreach towards MEs. Digital tools and intervention can speed up the access for these MEs to formal credit institutions and increase the flow of credit to this underserved/unserved section of society. SIDBI is undertaking formalisation project shortly which will also facilitate registration of Informal Micro Enterprises/MEs on Udyam platform and credit to this important segment of the economy.



Credit score based on alternate data can play an important role in increasing the flow of credit to Micro Enterprises. 'Nu Score', launched by Northern Arc is one such score which can facilitate the lending of MFIs/NBFCs to Micro Enterprises. Such scores can empower financial institutions to optimise risk and cater to the under-served segments in an efficient manner"

Dr. Alok Misra, CEO & Director, MFIN, said "The microfinance industry has been moving towards a data driven approach for credit decision making. With the advent of digital innovation and greater access to customer data, analytics is becoming a meaningful tool for understanding consumer behaviour. Data driven tools such as Risk Scorecards can be beneficial in helping MFIs quantify and price risk and scale up their portfolio."

As part of its assessment, Nu Score incorporates originator specific parameters, through customized algorithms. It's self-learning features will help account for idiosyncratic macro, regional and socio political factors that lenders may be susceptible to.

About Northern Arc

Northern Arc is a diversified financial services platform that provides credit to MSMEs, households, financial institutions and emerging businesses. Through technology and data, it provides a diverse set of solutions to cater to the credit requirements of emerging segments and small businesses. Its business model is diversified across offerings, sectors, products, geographies, and borrower segments.

By leveraging its deep data insights & scorecards, Northern Arc has cumulatively raised over INR One Trillion in funds for its clients since inception of its platform in 2009. It is backed by marquee equity investors like Sumitomo Mitsui Banking Corporation (the world's fourteenth largest bank), LeapFrog, IIFL, Accion, Augusta Investments (known as Affirma Capital), Dvara Trust and Eight Roads (proprietary arm of Fidelity).

Along with its asset management subsidiary that manages seven AIFs, the company manages a total AUM of over INR 10,000 crore. It has disbursed a total of over 8 million loans to retail customers across individuals, households, and small businesses. Through the AltiFi platform, it offers fixed income investments to affluent and retail investors. Its exposure is spread across 657 districts in 28 states and 7 Union Territories in India.