

FIT
INSIGHTS

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CREDIT RISK

UP TO
FEBRUARY 2019

ABOUT US

FIT Big Data is a Peruvian tech company that operates in fintech. We believe that strategic questions in the political, social and economic fields can be answered with clarity using data. **FIT** has created an Economic Studies Unit in order to transform data into valuable information that can contribute to the development of Peru.

SERVICES

The products created by FIT are innovative, respond to people's needs and seek to improve their quality of life. Being a credit bureau allows us the recollection of credit information. By joining this data with our technological developments, we generate the most advanced and precise financial analyses in the market, which we distribute without cost.



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CREDIT RISK INSIGHTS

The responsible management of credit is a fundamental factor in maintaining balance in the financial system. As people gain further knowledge concerning the use of credit, they become empowered and are able to identify better financial opportunities, which in return allows for a sustained growth in their personal finances.

A Credit risk rate represent the probability that someone will default on their financial obligations. It is a key economic indicator and influences both financial entities and people when either of the two make financial decisions.

FIT Big Data has introduced the first individualized scoring system in Peru. The Kalifika Score owned by FIT summarizes peoples credit risk and behavior towards any financial entity.

The FIT Insights contain the most important findings in the Credit Risk Report, written by the Economic Studies Unit. This report analyzes the debt segmented by categories of the Kalifika Score.

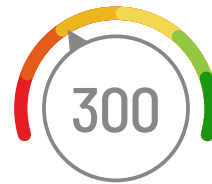
FIT believes in a transparent banking system and contributes to society with this credit evaluation tool. With it, people obtain more clarity concerning their financial situation and the circumstances in which they evolve as active participants in this system.

This document has been created using the financial information from the Consolidated Credit Report (Reporte Crediticio Consolidado - RCC) which contains data taken up to the end of February 2019. This information is provided by the Superintendence of Banking, Insurance and Private Pension Fund Administrators of Peru (SBS). Also, information from our own sources has been used. | The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The Kalifika Score is intellectual property of FIT Big Data.

KALIFIKA SCORE

FIT Big Data provides everyone with a credit score, which they can access for free through the Kalifika app. The score reflects credit behavior and risk of a person for any financial entity.

The Kalifika Score can be segmented through categories. The higher the score means there are less chances that the person to whom the score is assigned will default on their financial obligations.



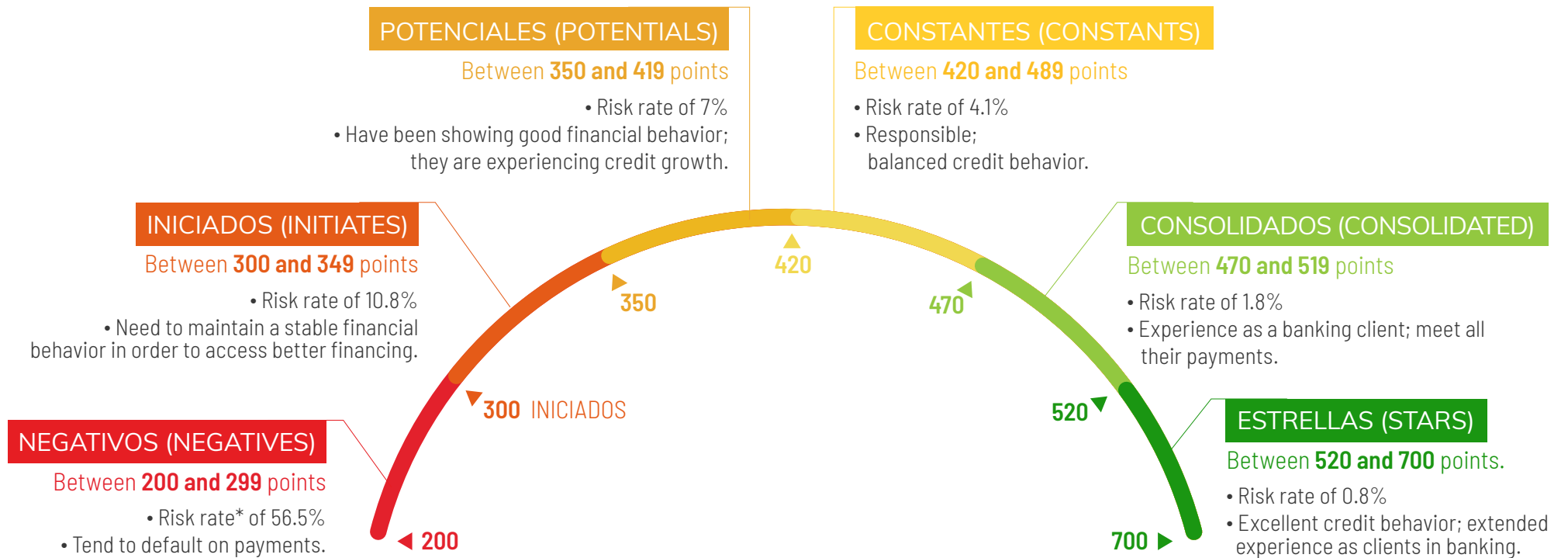
Everyone enters the system with a score of 300 points, in the **Iniciados** category

The people's scores evolve according to their financial behavior.



One of these categories is **Negativos**, referring to the **lowest range of scores**

Being in this category does not necessarily equal being categorized as delinquent** in the system. **It refers to the people that tend to default on their payments or are new in the system and show a high level of indebtedness.**



*The risk rate represents the probability that a person, in a certain category, will be delinquent in a certain period of time. The percentages presented are risk rates over a year. | **For revolving and non-revolving consumer credit, the category delinquency considers clients in debt that are over 120 days late in their payments. For mortgage loans, it refers to clients with payments that are over 365 days late. | The Kalifika Score is intellectual property of FIT Big Data.

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HIGHLIGHTS



The higher indebtedness per person was the main reason behind the **growth in the total amount of debt**

The total debt increased by 46% between February 2015 and February 2019; the number of clients only grew by 5.8%.



DEBT BY GENDER

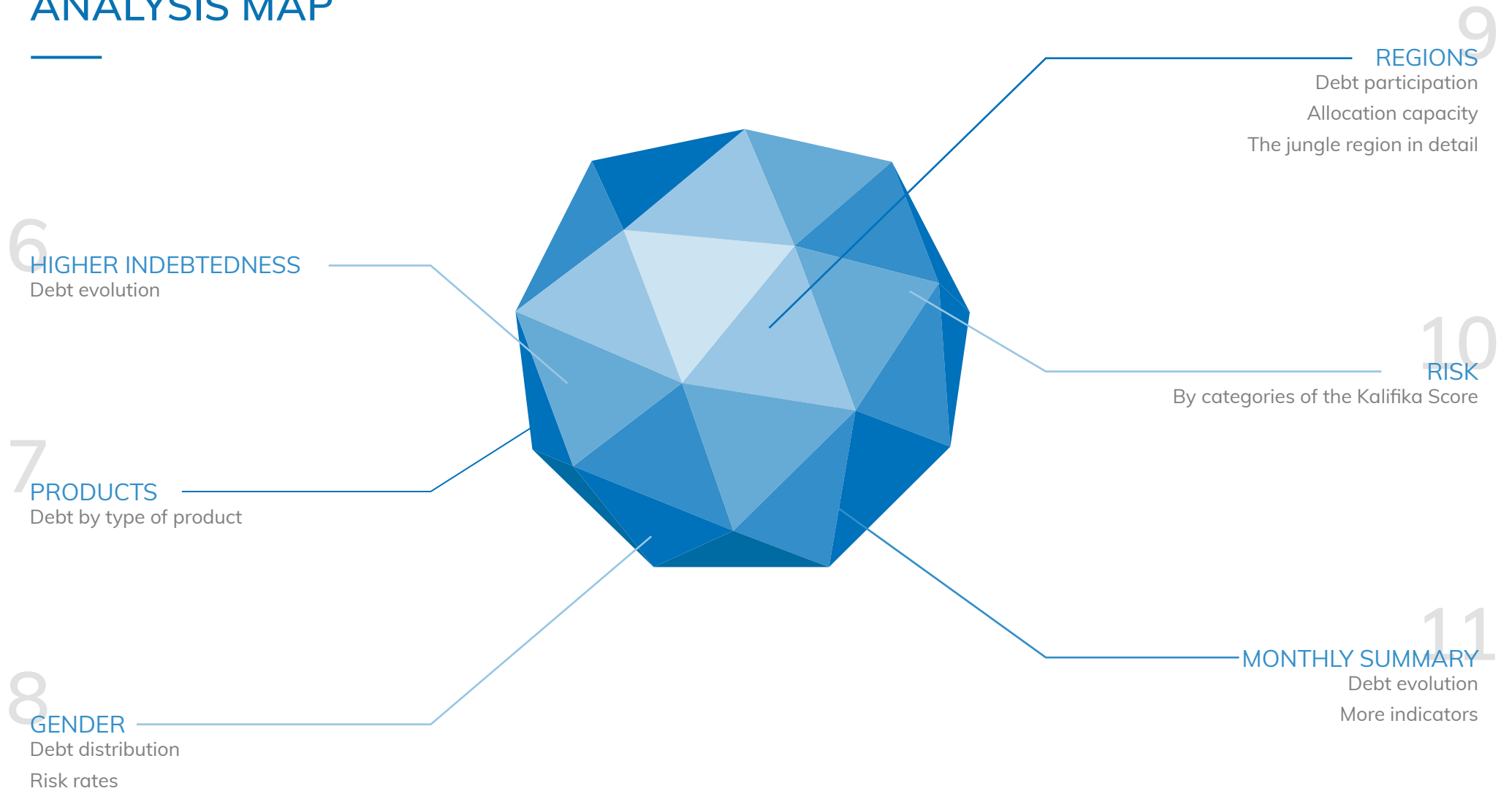
Up to February 2019, in the category with the best credit behavior, Estrellas, 66% are men, despite their credit risk rate being very similar to the women's.



REGIONS

The Peruvian jungle represents only 2% of the potential market of allocations in Peru; in contrast, the Lima metropolitan area represents 55%. One out of every four people in debt in the jungle are in the Negativos category.

CREDIT RISK ANALYSIS MAP

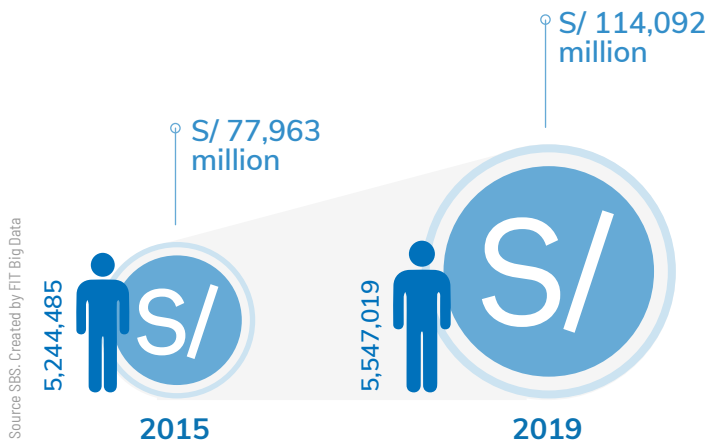


BETWEEN FEBRUARY 2015 AND FEBRUARY 2019

THE TOTAL DEBT INCREASED BY 46% IN THE PAST FOUR YEARS

THE HIGHER INDEBTEDNESS PER PERSON WAS THE MAIN REASON BEHIND THE GROWTH

Despite the large increase in the total amount of the debt, the number of clients only grew by 5.8%.



The total amount of debt increased from S/77,963 million to S/114,092 million between February 2015 and February 2019.

DEBT BY CATEGORIES OF THE KALIFIKA SCORE 2015 vs. 2019

	2015		2019	
	% DEBT	TOTAL AMOUNT	% DEBT	TOTAL AMOUNT
ESTRELLAS	13.0%	S/10,143 mill.	18.5%	S/21,136 mill.
CONSOLIDADOS	19.4%	S/15,106 mill.	20.1%	S/22,962 mill.
CONSTANTES	22.4%	S/17,480 mill.	22.1%	S/25,173 mill.
POTENCIALES	20.8%	S/16,226 mill.	17.1%	S/19,518 mill.
INICIADOS	16.1%	S/12,576 mill.	12.3%	S/14,072 mill.
NEGATIVOS	8.2%	S/6,431 mill.	9.8%	S/11,230 mill.

Source SBS. Created by FIT Big Data

There was an increase in the participation of the Estrellas
They went from having 13% to 18.5% of the debt.

The participation of the Iniciados decreased
They went from having 16.1% to 12.3% of the debt.

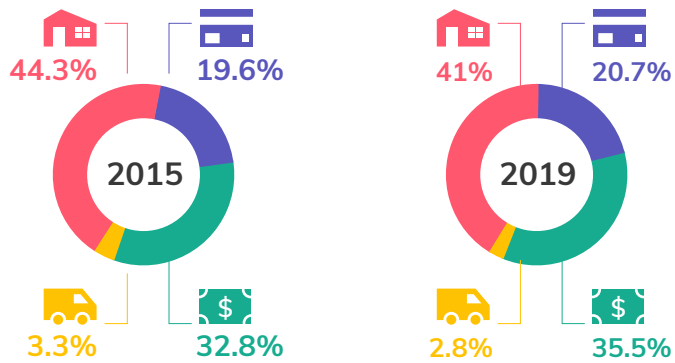
The participation of the Negativos has remained constant
Their share of the total debt went from 8.2% to 9.8%.

The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being in the situation of delinquency in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The Kalifika Score is intellectual property of FIT Big Data.

BETWEEN FEBRUARY 2015 AND FEBRUARY 2019

THE DEBT IN MORTGAGE LOANS INCREASED, BUT THEIR PARTICIPATION AS A PRODUCT DECREASED IN THE DEBT

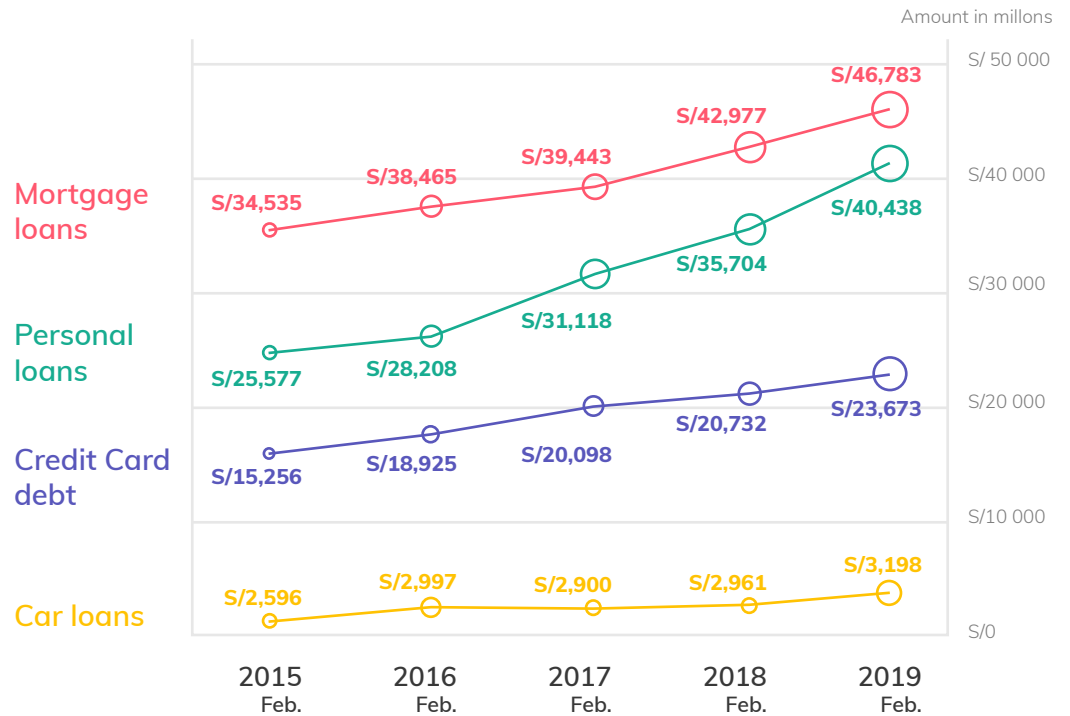
2015 vs. 2019 SNAPSHOT BY TYPE OF PRODUCT



Source SBS. Created by FIT Big Data

TRENDS BY TYPE OF PRODUCT 2015-2019

The debt in personal loans increased by 58.1%, reaching S/40.438 million with an average yearly growth of 12.1%



Source SBS. Created by FIT Big Data

SCORE AND PRODUCTS



Credit card debt amongst the **Estrellas** went from representing 6.9% to 12.6% of this kind of debt.



In mortgage loans, the percentage of debt belonging to the **Estrellas** went from 23.4% to 32.3%. In this product, the **Iniciados** went from having 14.3% to 10.9% of the debt.

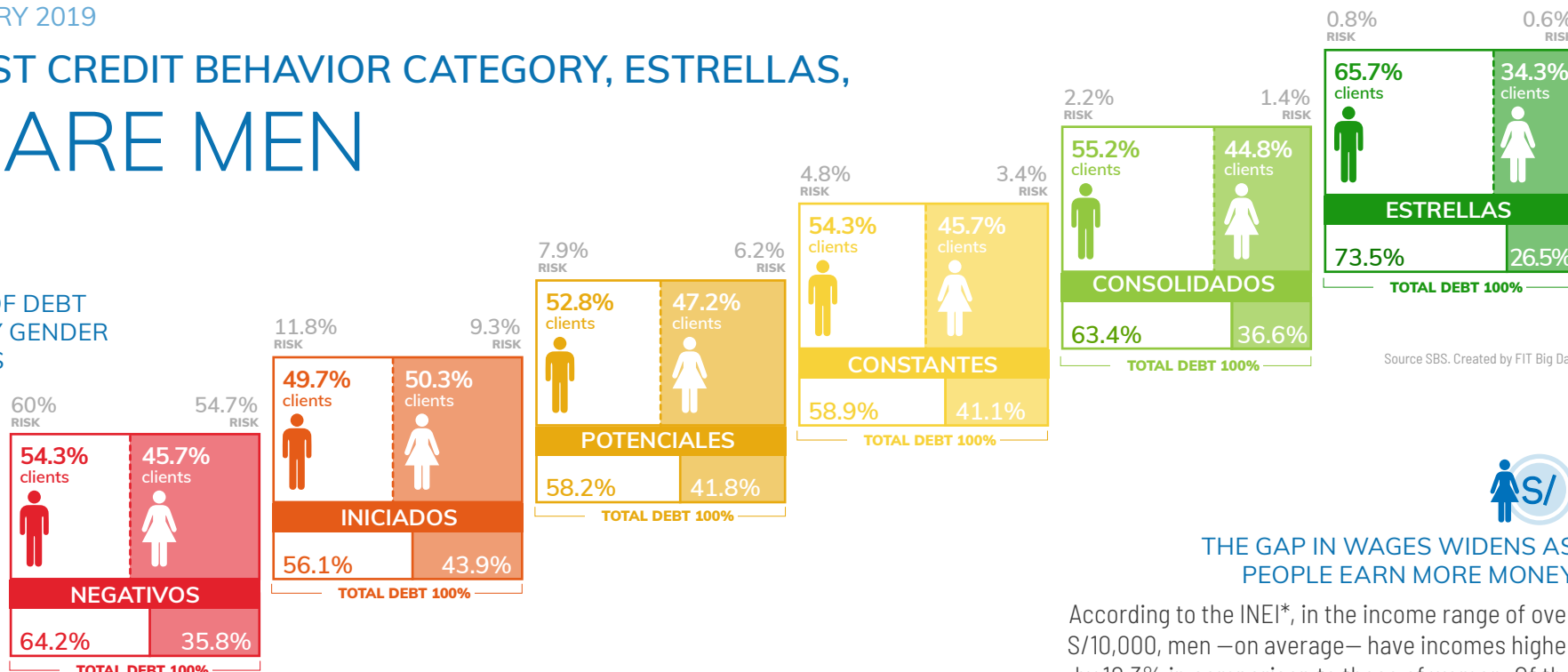
The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being categorized as delinquent in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The Kalifika Score is intellectual property of FIT Big Data.

UP TO FEBRUARY 2019

IN THE BEST CREDIT BEHAVIOR CATEGORY, ESTRELLAS, 66% ARE MEN

DISTRIBUTION OF DEBT AND CLIENTS BY GENDER AND RISK RATES

In the Negativos, the category with the highest risk, 54% are men and 45.7% are women.



Source SBS. Created by FIT Big Data



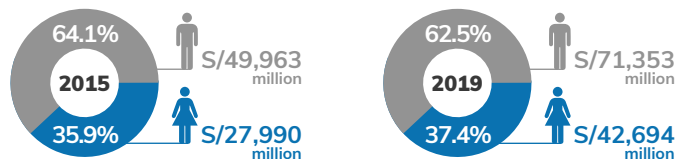
THE GAP IN WAGES WIDENS AS PEOPLE EARN MORE MONEY

According to the INEI*, in the income range of over S/10,000, men –on average– have incomes higher by 10.3% in comparison to those of women. Of the Estrellas in this income range, 67.2% are men.

DEBT DISTRIBUTION BY GENDER 2015 vs. 2019

In February 2015, women held 35.9% of the total amount of debt. In February 2019, their participation in the debt increased to 37.4%.

Source SBS. Created by FIT Big Data



IN ALL OF THE SCORE CATEGORIES, THE MEN'S RISK RATE OVER A YEAR IS HIGHER THAN THE WOMEN'S

Women represent 34.3% of the total number of clients in the highest category of the score, Estrellas, even though their risk rate over a year is 0.6%, similar to the men's 0.8%.



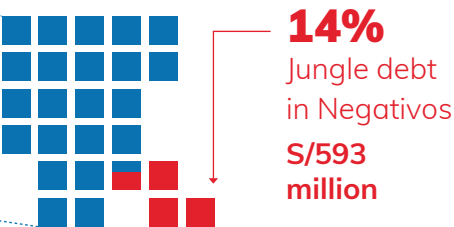
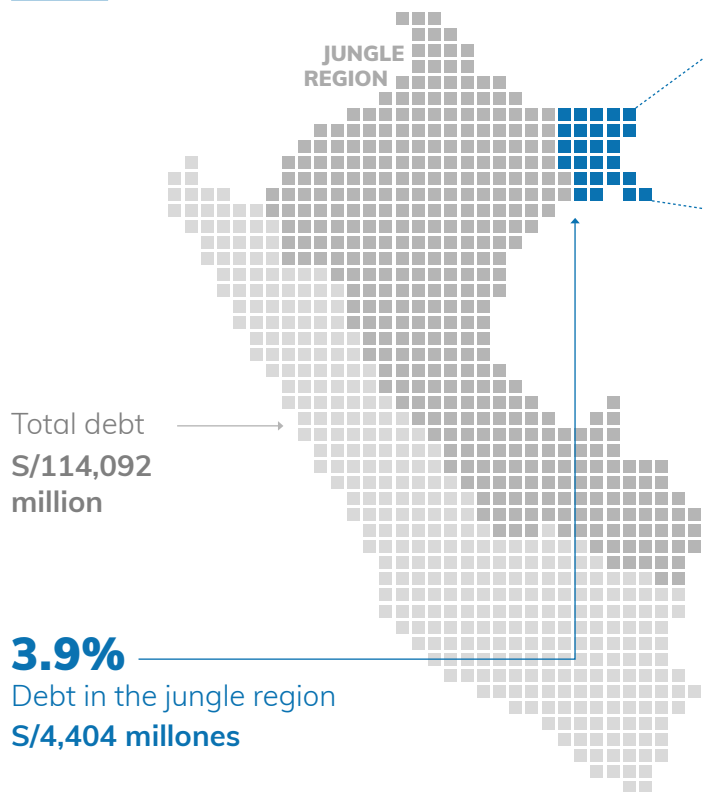
THERE IS A HIGHER PARTICIPATION OF MEN IN MORTGAGE DEBT AND CAR LOANS

In mortgage loans, 63.8% of the debt belongs to men; in car loans, they represent 69% of the debt.

The sums of the debt and number of clients by gender does not coincide with the respective total numbers of debts and clients in the system. This occurs because in the Consolidated Credit Report (RCC) there are people that are neither classified as men nor women, this due to a lack of information. This group represents a total of 14,931 people and a debt total of S/44.8 million (0.04% of the total) up to February 2019. | The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being delinquent in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The risk rate represents the probability that a person, in a determined category, will be delinquent after a certain period of time (for example, in one, two or three years). | The Kalifika Score is intellectual property of FIT Big Data. *National Institute of Statistics and Informatics (INEI) of Peru

UP TO FEBRUARY 2019

THE JUNGLE CONCENTRATES ONLY 3.9% OF THE TOTAL DEBT IN PERU



14% OF THE DEBT IN THE JUNGLE WAS IN THE CATEGORY NEGATIVOS IN FEBRUARY 2019

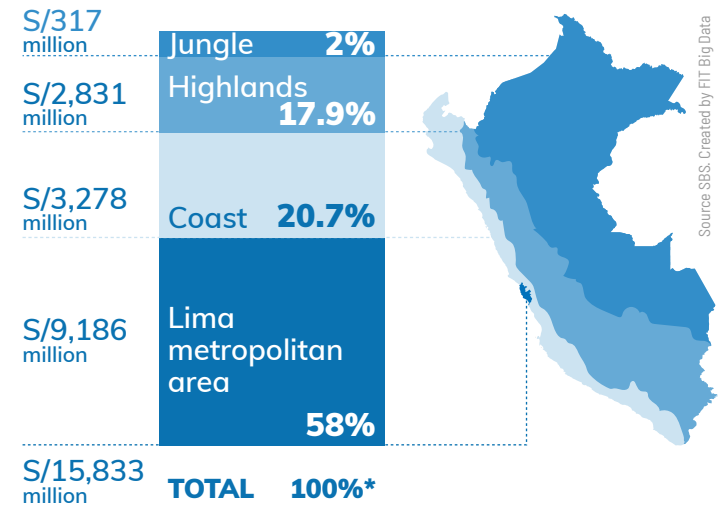
This proportion has remained constant over the past four years and is the highest rate of debt in Negativos out of all the regions.

One out of every four people in debt in the jungle are in the Negativos category
One out of every three people in debt in Loreto are in this category.

2% of Peruvians in debt are in the Estrellas category
Of this group of people, 78.6% are in the Lima metropolitan area.

POTENTIAL ALLOCATION MARKET BY REGIONS

» AMOUNT OVER ONE YEAR



THE JUNGLE IS THE REGION WITH THE SMALLEST CREDIT ALLOCATION CAPACITY

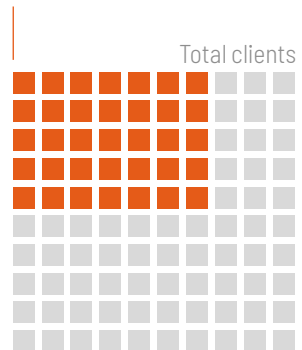
This capacity represents only 2% of the entire allocation market in Peru, with an estimated amount of S/317 million for a period of a year. The coast and the highlands represent 20.7% and 17.9% of this potential market, respectively.

We consider an additional group in this analysis for regions categorized as others, which includes people that register as residents in other countries or those that do not have a defined address, but have debt in the Peruvian financial system. | The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being categorized as delinquent in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The Kalifika Score is intellectual property of FIT Big Data.

UP TO FEBRUARY 2019

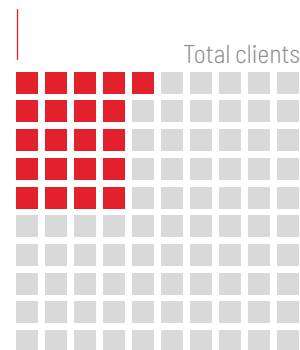
INICIADOS, THE CATEGORY WITH THE LARGEST AMOUNT OF CLIENTS, HAS A RISK RATE OF 10.8% OVER ONE YEAR

This category of the score, into which people enter when they are first introduced into the system, represents 34.6% of the total amount of clients.

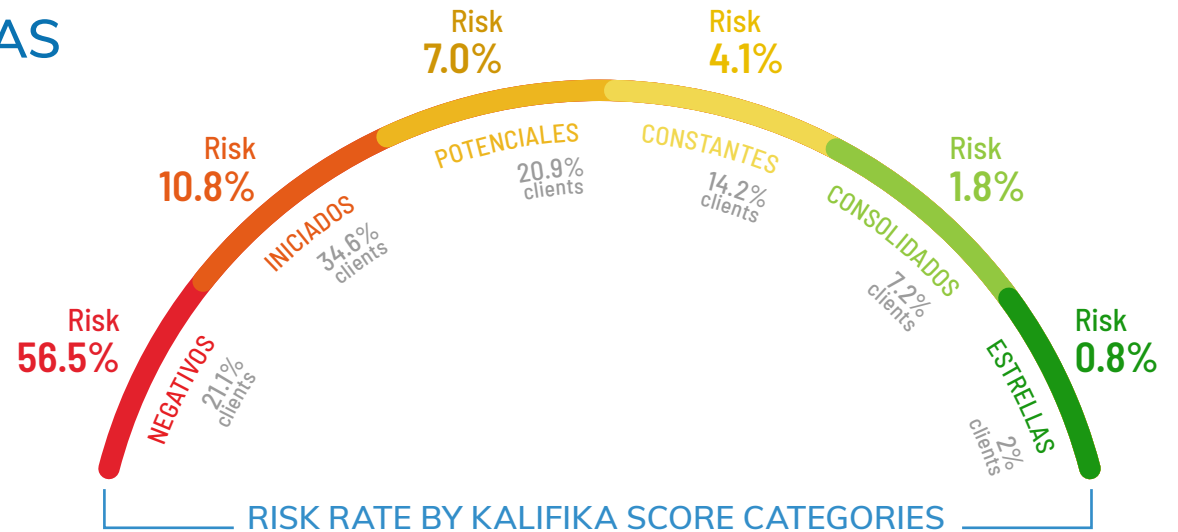


INICIADOS 34.6%

The **Negativos** category represents 21.1% of the total number of people in debt.

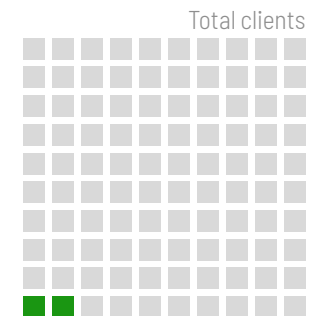


NEGATIVOS 21.1%



THERE IS A LOW RATE OF PEOPLE IN THE ESTRELLAS CATEGORY

With a risk rate of 0.8% over a year, they represent only 2% of the total amount of clients. Their maximum amount for allocation, which is the maximum credit with guarantee a person can receive in this category, is of S/5,162,710.



ESTRELLAS 2%

The risk rate represents the probability that a person, in a certain category, will be delinquent after a certain period of time (for example, in one, two or three years). | The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being categorized as delinquent in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The Kalifika Score is intellectual property of FIT Big Data.

MONTHLY SUMMARY

DEBT AND CLIENTS BY CATEGORIES OF THE KALIFIKA SCORE UP TO FEBRUARY 2019

In these Insights we have segmented the people's debt according to the categories of the Kalfika Score. These are a reflection of their credit behavior and the risk they pose to financial entities. We also took into account other indicators.

	NEGATIVOS	INICIADOS	POTENCIALES	CONSTANTES	CONSOLIDADOS	ESTRELLAS	
DEBT	S/11,230 million 9.8%	S/14,072 million 12.3%	S/19,518 million 17.1%	S/25,173 million 22.1%	S/22,962 million 20.1%	S/21,136 million 18.5%	TOTAL DEBT (100%) S/114,092
CLIENTS	1,169,594 21.1%	1,916,684 34.6%	1,161,611 20.9%	789,760 14.2%	398,841 7.2%	110,529 2%	TOTAL CLIENTS (100%) 5,547,019

Source SBS. Created by FIT Big Data

MAIN CREDIT INDICATORS BY CATEGORIES OF THE KALIFIKA SCORE UP TO FEBRUARY 2019

	NEGATIVOS	INICIADOS	POTENCIALES	CONSTANTES	CONSOLIDADOS	ESTRELLAS
AVERAGE DEBT	S/9,602	S/7,342	S/16,803	S/31,874	S/57,572	S/191,229
AVERAGE INCOME (MONTHLY)	S/1,615	S/1,633	S/2,799	S/5,277	S/8,755	S/18,248
AVERAGE LIQUIDITY (MONTHLY)	S/790	S/833	S/1,034	S/1,940	S/3,734	S/8,570
AVERAGE ALLOCATION CAPACITY (ANNUAL)	S/7,816	S/8,240	S/10,224	S/19,185	S/36,928	S/84,750
RISK RATE (OVER A YEAR)	56.5%	10.8%	7%	4.1%	1.8%	0.8%

Source SBS. Created by FIT Big Data

The risk rate of the Iniciados went from 8.8% to 10.8% between February 2015 and February 2019. **This is the category with the largest variation in this indicator.**

The average liquidity of the people decreased in all of the categories between February 2015 and February 2019; in Iniciados, it went from S/924 to S/833. This is due to the average income, which also decreased.

The debt analyzed corresponds to the following types of credit: credit cards, personal loans, car loans and mortgage loans. | Only active portfolio debt belonging to people with a maximum age of 75 years up to the date of analysis is considered. | The category Negativos does not necessarily equal being in the situation of delinquency in the financial system, rather it refers to the people that tend to default on their payments or are new in the system and have high indebtedness. | The inferred income has been obtained through credit information and sociodemographic variables pertaining to the client, using technical statistics and predictive models. | The liquidity represents the maximum amount of money with which a person can be lent without jeopardizing their financial integrity. | The allocation capacity refers to the amount of money that a person can be lent in a determined time period. This capacity is subject to the person's liquidity. It is calculated through financial maths formulas. | The risk rate represents the probability that a person, in a determined category, will slip be delinquent after a determined period of time (for example, in one, two or three years). | The Kalifika Score is intellectual property of FIT Big Data.

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CONCLUSIONS

The total debt increased by 46% between February 2015 and February 2019 and reached S/114,092 million. The number of people in debt grew by 5.8%.

Up to February 2019, in the category with the best credit behavior, Estrellas, 66% are men. In the Negativos, 54% are men.

In all the categories of the score, the risk rate of men is higher than that of women. Up to February 2019, men concentrated 62.5% of the debt.

Men's participation in the debt in mortgages and car loans is the highest of all the products; men concentrate 63.8% and 69% of the amount of debt in these products, respectively.

3.9% of the total debt is in the jungle. Of this debt, 14% of it is in the category Negativos

One out of every four people with debt in the jungle is in the category Negativos.

The allocation capacity of the jungle is only 2% of the whole allocation market of Peru.

The people in the Iniciados category have a risk rate of 10.8%. 35% of people in debt are in this category.

The Negativos represent 9.8% of the total amount of debt.

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