



Things to consider while applying for personal loan



Minimal documentation, zero collateral, quick processing and no end-usage restriction on loan proceeds (except for speculation) make [personal loans](#) an ideal borrowing option for dealing with situations involving financial shortages and exigencies. Many lenders also offer instant loan disbursement to their select existing customers based on their credit scores and other aspects of their credit profile. However, the unsecured nature of personal loans makes lenders take a cautious approach while assessing personal loan applications.

Below are some dos and don'ts for applicants to improve the chances of getting their personal loan approval:

Dos

Review your credit reports at frequent intervals

Banks and [NBFCs](#) use credit score as one of primary filters to evaluate a personal loan applicant's creditworthiness. As there is no collateral in a personal loan, it increases the credit risk for a lender. It also makes them more dependent on credit scores to assess the creditworthiness of an applicant. Personal loan applicants with credit scores of 750 and above

have higher chances of getting their loan approved as lenders consider them more creditworthy. Thus, applicants should look to maintain credit scores of 750 and above to boost their chances of personal loan approval.