The Problem

In agriculture, where large upfront costs are required in conjunction with a one-off payment at harvest, credit and access to credit is crucial to the sustainability and improvement of the operation of farms. However, it is estimated that at European level, only 1/6 of farmers currently have access to credit and in Greece the respective financing gap for the agriculture sector is estimated to be between EUR 4.5 to 14.3 billion. This is due to the fact that farmers usually have minimum, or no realizable assets to pledge as collateral, as well as no credit history, that are needed to secure credit approval from the financial institutions. In addition to that, agriculture is thought to be a risky business, because of the frequent and intense extreme weather events and the climate change.

The Solution

CreditScore is a solution that fills the critical data gap which prevents financial institutions from lending to creditworthy smallholder farmers. The solution provides the appropriate information to financial institutions, and the methodology, to better assess the future earnings and estimate the credit risk of potential borrowers. CreditScore, achieves financial inclusion, reduces the asymmetry of information among parties, while supporting a sense of trust and transparency between financial institutions and agri-borrowers, all in all paving the way for more accessible credit to farmers.

The Technology

CreditScore combines the use of remote sensing data, weather forecasting, climate projections, crop growth models and market data and forms a comprehensive profile for each farmer, irrespective of the size of their farm. This profile is developed on the basis of the historical and current crop yields, short and long-term climate risks and weather hazards, affecting final crop performance. CreditScore delivers accurate projections of future farmers/borrowers profitability, while managing to capture fully the climate variability and provide unbiased estimates of future yields and agricultural income.

The benefits

CreditScore benefits both financial institutions and farmers. On the one hand, financial institutions have a clear estimation of the future returns and yields of their borrowers' farms, as well as the risks they run during the current and the future seasons. On the other hand, farmers, are able to deal with liquidity problems by receiving personalized financial products with additional flexibility which are able to repay.

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