



# Fintech Newsletter

**Vol IV**

## Equifax

Kiran Samudrala  
VP - Data and Analytics  
kiran.samudrala@equifax.com

Shruti Joshi  
Head - Insights  
shruti.joshi@equifax.com

Pooja Rodolla  
Senior Consultant  
pooja.rodolla@equifax.com

## SIDBI

Chandra Shekhar Thanvi  
CGM - MPIV-ERDA  
erdav@sidbi.in

Rishi Dwivedi  
GM-MPIV-ERDA  
erdav@sidbi.in

Ramesh Kumar  
Manager - MPIV-ERDA  
rameshk@sidbi.in

## Executive Summary



01

## Fintech Overview



02



09

## Fintech Product: Consumer Loan Segmentation based on Ticket size buckets



13

## Delinquency Deep Dive



16

## Fintech Business Models (FBMs) Overview



20

## Abbreviations & Glossary

COVID pandemic has been the biggest driver of tech adoption on all fronts, be it in the lending space or in market-connect for business, resulting in to the increase of new Fintechs in India. The growth in the Fintech industry has resulted in widening of customer base and increased capital flows in technology driven services. Along with advanced data and analytics capabilities, Fintech companies are providing a better, advanced form of financial solutions to their varied customers across industries thereby replacing traditional modes of payments with digital payments. This process has become easier with the adoption of various business models in Fintech industry. Our report provides an overview of the current state of the Fintech landscape, top products, geography and various Fintech business models used.

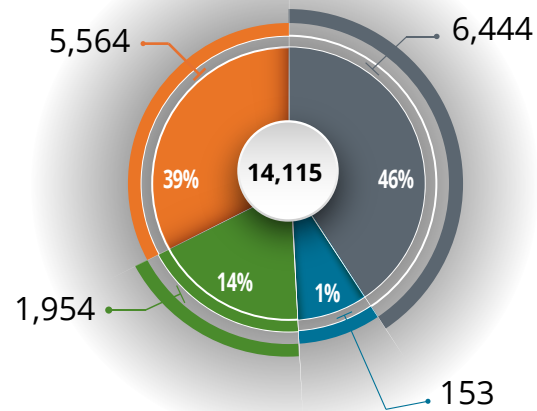
The portfolio outstanding of Fintech Industry stood at ₹37.5 thousand crore and recorded 10% annual growth as on 30th September 2021. Loan originations show an annual growth where disbursement by amount grown by 56% while number of loan disbursed grown by 51% in JAS'21 as compared to JAS'20. Personal loans remain top favorite product which grew by 89% while Consumer loans observed a decline of 23% in fresh loan disbursements in JAS'21 as compared to JAS'20. Business loans continue to lag behind in Fintech's market share but have been able to manage their delinquencies below industry levels.

The current report is an analysis of 115 NBFC-Fintechs (as on September 2021) which submit data to Equifax. Through this report, we aim to answer key questions and hypothesis on the Fintech growth, Regional presence & outreach, Risk profiling and growth trends in Fintech lending space.

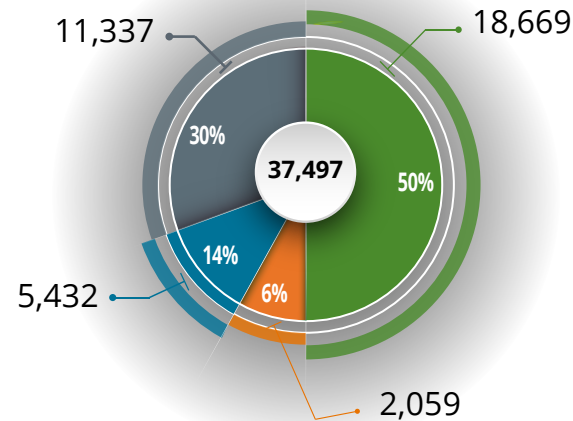
# Fintech Overview



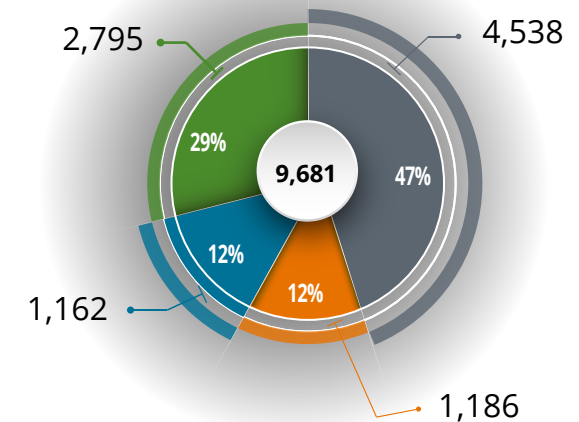
## Active Loans ('000 ,%share)



## Portfolio Outstanding (₹ crore, %share)



## Disbursement Amount (₹ crore, %share) - JAS'21



■ Business Loan - General   
 ■ Consumer Loan   
 ■ Personal Loan   
 ■ Rest of the Products

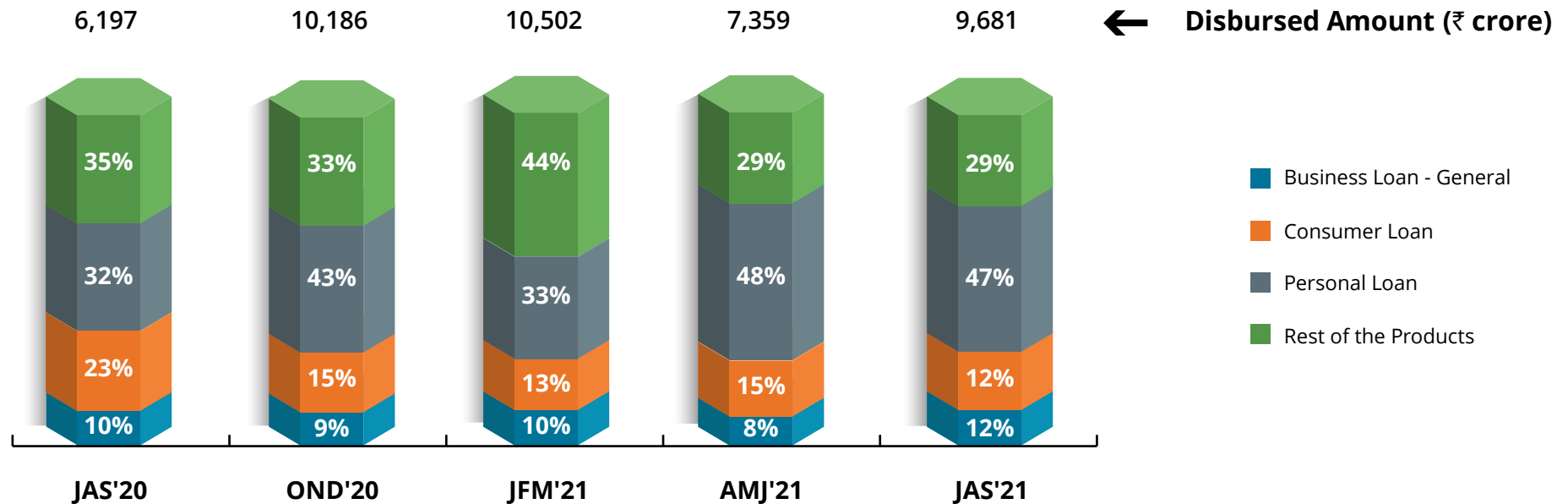
- The portfolio outstanding of ₹37.5 thousand crore is contributed by fintech to the total retail portfolio outstanding that recorded a POS of ₹81.8 lakh crore as on 30th September 2021.
- Personal loans are leading both in terms of value (excluding ROP) and volume with 30% POS share and 46% active loans share while Consumer loans POS (6%) and Business Loan - General active loans share (1%) have lowest market shares as on September 2021.
- However, Consumer loans holds 2nd highest Active loans market share with 39%.

## Fintech Snapshot

Fintech Snapshot as of Sep'21	Business Loan (General)	Consumer Loan	Personal Loan	Rest of the Products	All Products
Active Loans ('000)	153	5,564	6,444	1,954	14,115
Portfolio Outstanding (₹ crore)	5,432	2,059	11,337	18,669	37,497
Disbursed Amount ( ₹ crore ) JAS'21	1,162	1,186	4,538	2,795	9,681

- Rest of the products contributes 50% to the Fintech POS and 14% to Active Fintech loans as on September 2021.
- Disbursement amount during JAS'21 is ₹ 9.6 thousand crore where Personal Loans are leading by contributing 47%.

## Quarterly Sourcing Distribution by Value



- Disbursement by value and volume registered a Y-o-Y growth of 56% and 51% respectively from JAS'20 to JAS'21.
- Personal Loans recorded an annual growth of 130% by value while Consumer Loans showed a decline of 17% from JAS'20 to JAS'21.
- Hence, Personal loans observed highest rise in the market share annually by 15% while Consumer loans reflected highest drop of 11% in JAS'21 over JAS'20.

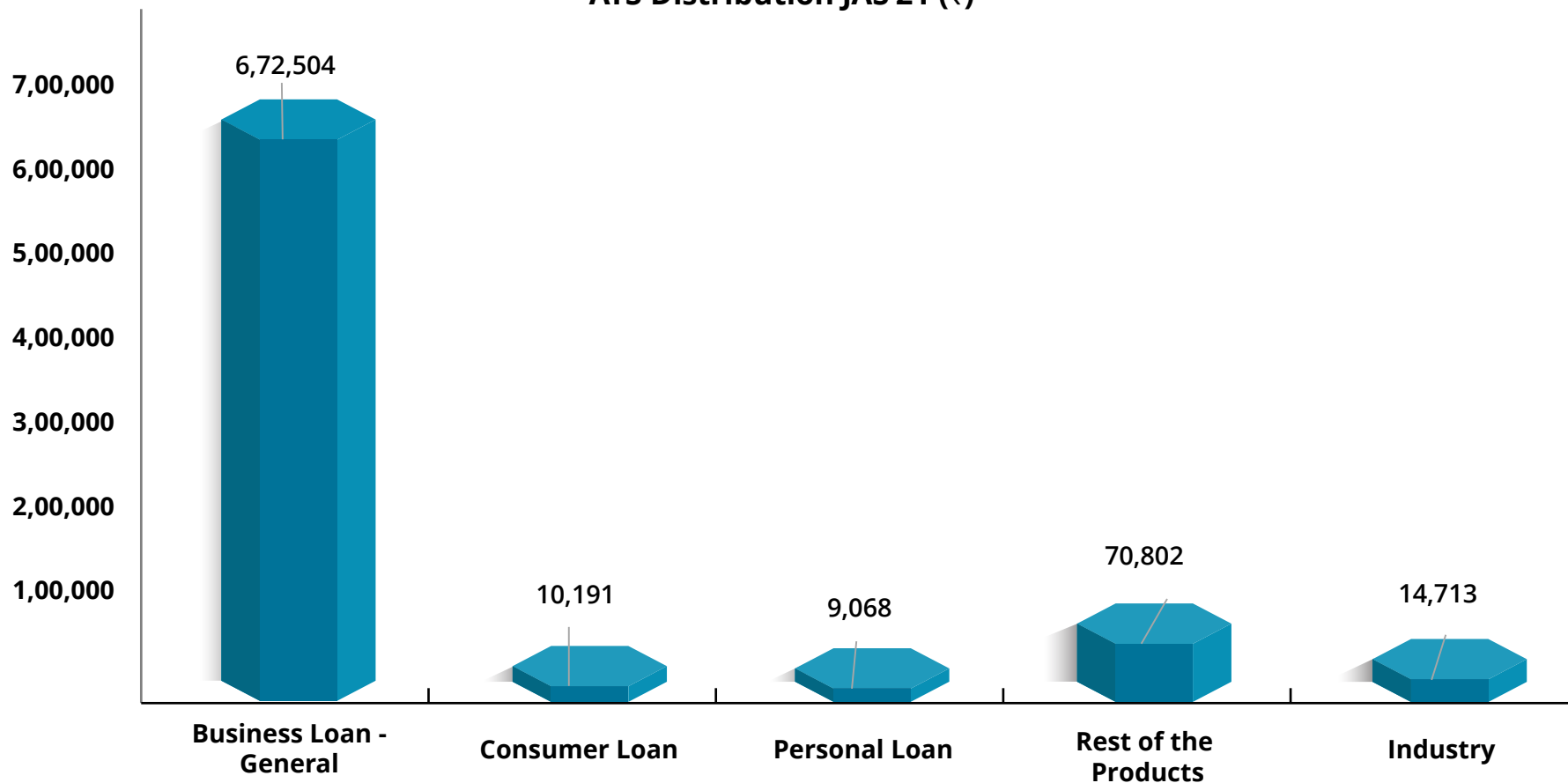


## Quarterly Sourcing Distribution by Volume

Top Products (No. of loans, '000)	JAS'20	OND'20	JFM'21	AMJ'21	JAS'21	Y-o-Y Growth Rate%
Business Loan - General	11	14	32	14	17	55%
Consumer Loan	1,512	1,604	1,432	1,145	1,164	-23%
Personal Loan	2,643	4,878	2,324	4,034	5,005	89%
Rest of the products	181	439	573	371	395	118%
All Products	4,347	6,935	4,361	5,564	6,581	51%
Q-o-Q Growth Rate %	-	60%	-37%	28%	18%	-

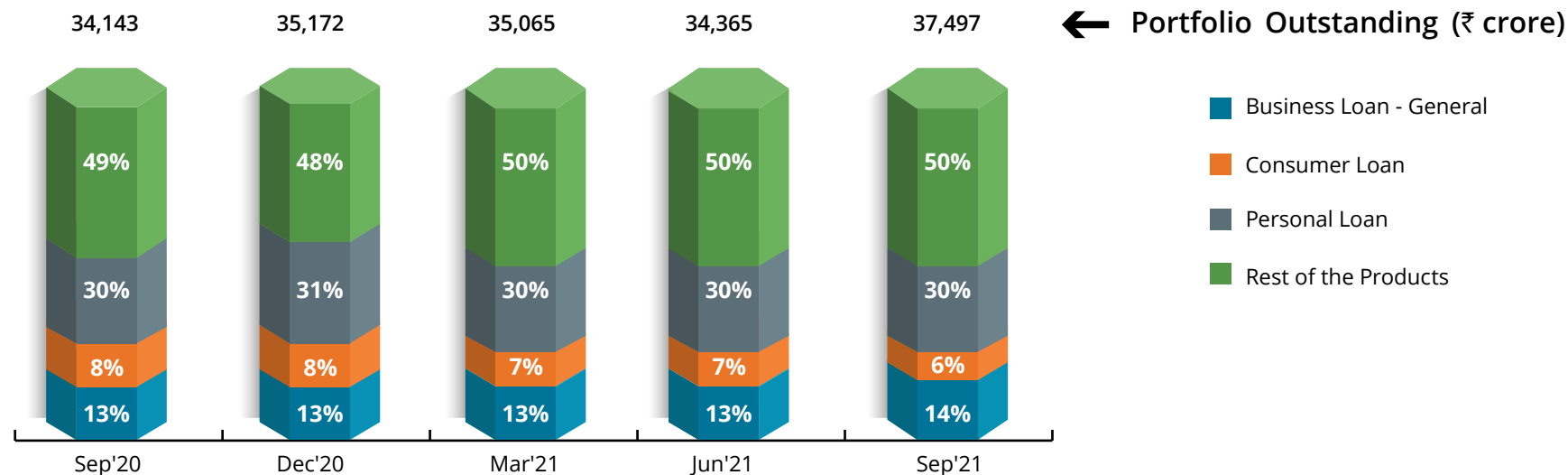
- In terms of volume growth, Personal Loans are the major contributors (Y-o-Y 89% growth, 76% JAS'21 share) to the overall volume growth.

## ATS Distribution JAS'21 (₹)



- Business Loan – General ATS is highest among all the products and it is higher than the industry ATS as well.
- Personal Loan ATS is 38% less than the industry ATS, while consumer loan ATS is 31% less than the industry ATS as on 30th September 2021

## Quarterly POS Distribution



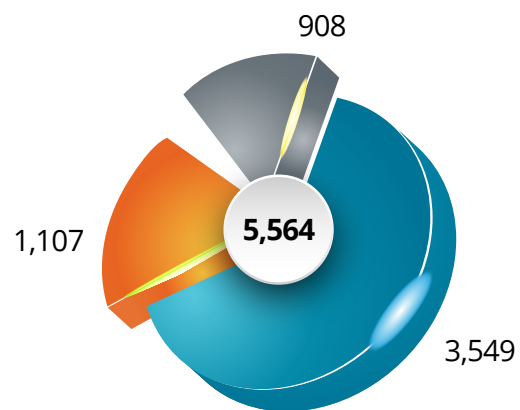
Top Products (₹ crore)	Sep'20	Dec'20	Mar'21	Jun'21	Sep'21	Y-o-Y Growth Rate%
Business Loan - General	4,555	4,413	4,506	4,374	5,432	19%
Consumer Loan	2,524	2,620	2,025	1,882	2,059	-18%
Personal Loan	10,305	11,051	10,761	10,553	11,337	10%
Rest of the products	16,760	17,087	17,773	17,556	18,669	11%
All Products	34,144	35,171	35,065	34,365	37,497	10%
Q-o-Q Growth Rate %	-	3%	0%	-2%	9%	-

- Portfolio outstanding has recorded Y-o-Y growth of 10% from September 2020 to September 2021 and Q-o-Q growth of 9% from June 2021 to September 2021
- Annual growth of 19% from September 2020 to September 2021 and Q-o-Q growth of 24% from June 2021 to September 2021 is recorded by Business Loan- General
- Personal Loans and ROPs registered Y-o-Y growth of 10% and 11% while Consumer Loans recorded decline of 18% in September 2021.

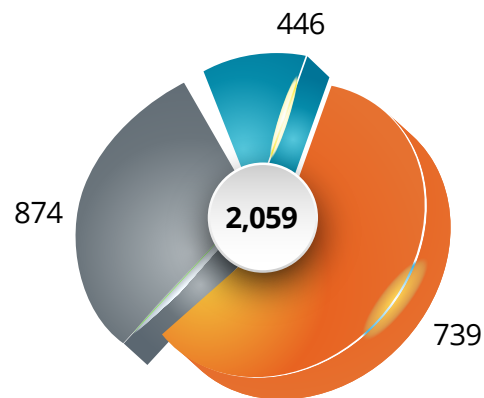


# Fintech Product: Consumer Loan Segmentation based on Ticket size buckets

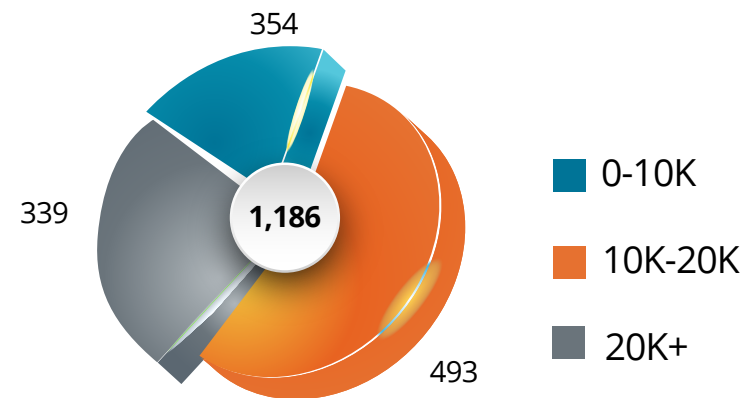
### Active Loans ('000)



### Portfolio Outstanding (₹ crore)



### Disbursement Amount (₹ crore) - JAS'21

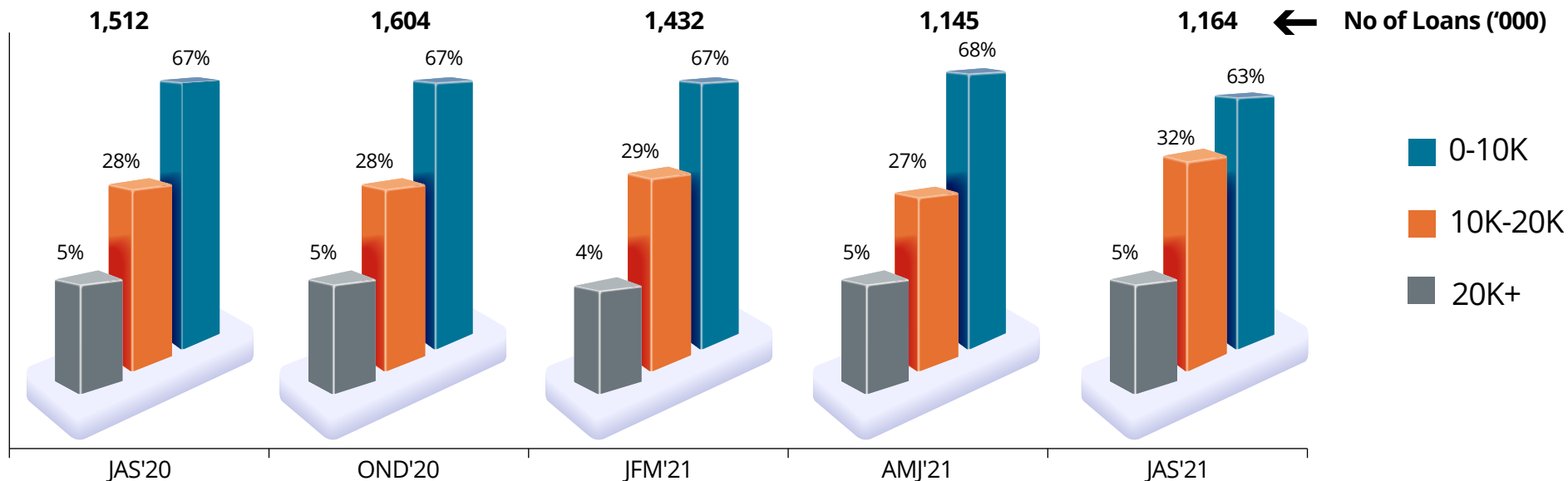


CL Snapshot as of Sep'21	0-10K	10K-20K	20K+	Total
Active Loans ('000)	3,549	1,107	908	5,564
Portfolio Outstanding (₹ crore)	446	739	874	2,059
Disbursed Amount (crore) JAS'21	354	493	339	1,186

- Consumer Loan portfolio outstanding contributes 6% market share to the overall fintech portfolio outstanding as on 30th September 2021
- 20k+ ticket size reflected highest POS market share of 42%, while 0-10k ticket size reflected highest active loan market share of 64%.
- 10k-20k ticket size loans have highest market share of 42% in disbursed amount during JAS'21.

# Consumer Loan Disbursement Trends

## Quarterly Sourcing Distribution

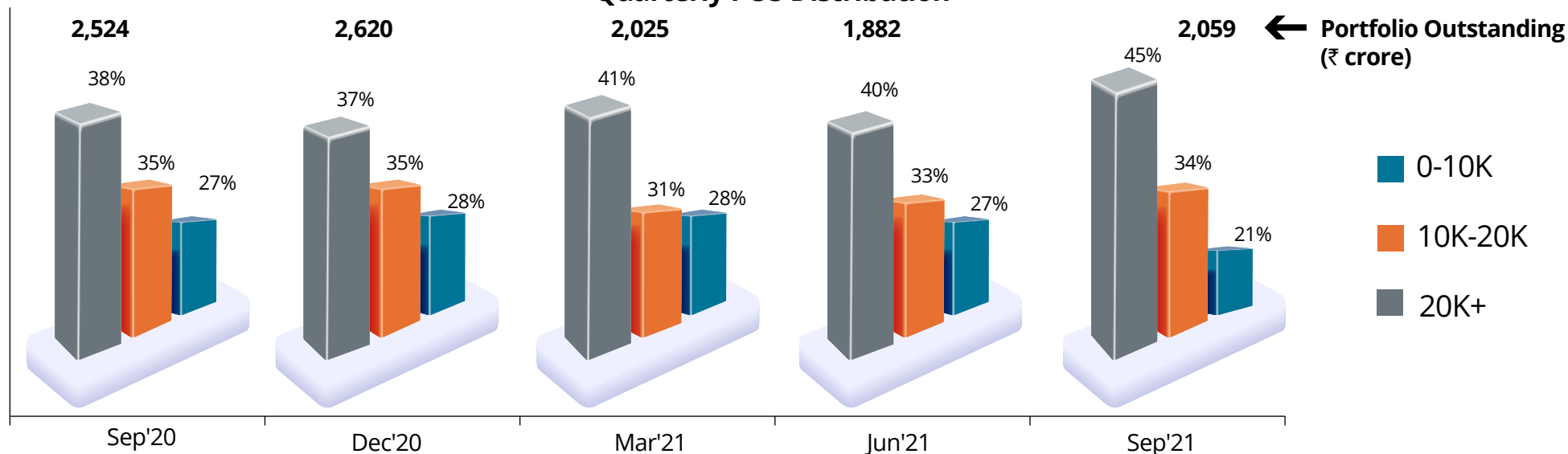


Ticket Size (No. of loans, '000)	JAS'20	OND'20	JFM'21	AMJ'21	JAS'21	Y-o-Y Growth Rate%
0-10K	1,016	1,078	952	777	729	-28%
10K-20K	414	441	416	306	378	-9%
20k+	82	85	64	62	57	-30%
Total	1,512	1,604	1,432	1,145	1,164	-23%
Q-o-Q Growth Rate %		6%	-11%	-20%	2%	

- Highest number of loans are issued under 0-10k ticket size category
- 0-10k ticket size loans has recoded a decline of 28% from JAS'20 to JAS'21
- 10k-20k ticket size loans have registered highest Q-o-Q growth of 24% from AMJ'21 to JAS'21

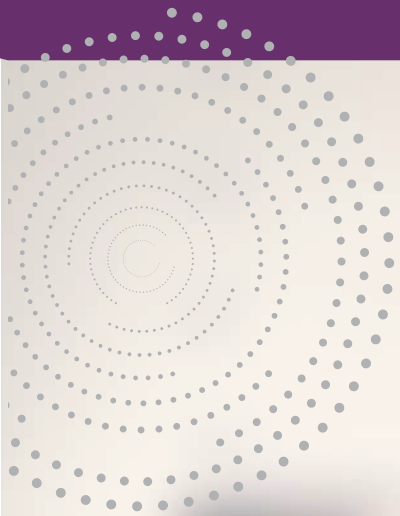
# Consumer Loan Portfolio Trends

## Quarterly POS Distribution



Ticket Size (₹ crore)	Sep'20	Dec'20	Mar'21	Jun'21	Sep'21	Y-o-Y Growth Rate%
0-10K	694	782	615	554	446	-36%
10K-20K	958	980	699	701	739	-23%
20k+	872	858	711	627	874	0%
Total	2,524	2,620	2,025	1,882	2,059	-18%
Q-o-Q Growth Rate %		4%	-23%	-7%	9%	

- Portfolio outstanding for overall Consumer loan product saw a decline of 18% annually from September 2020 to September 2021 but a growth of 9% quarterly from June 2021 to September 2021
- Portfolio outstanding for 10k-20k ticket sizes recorded a decline of 23% from September 2020 to September 2021

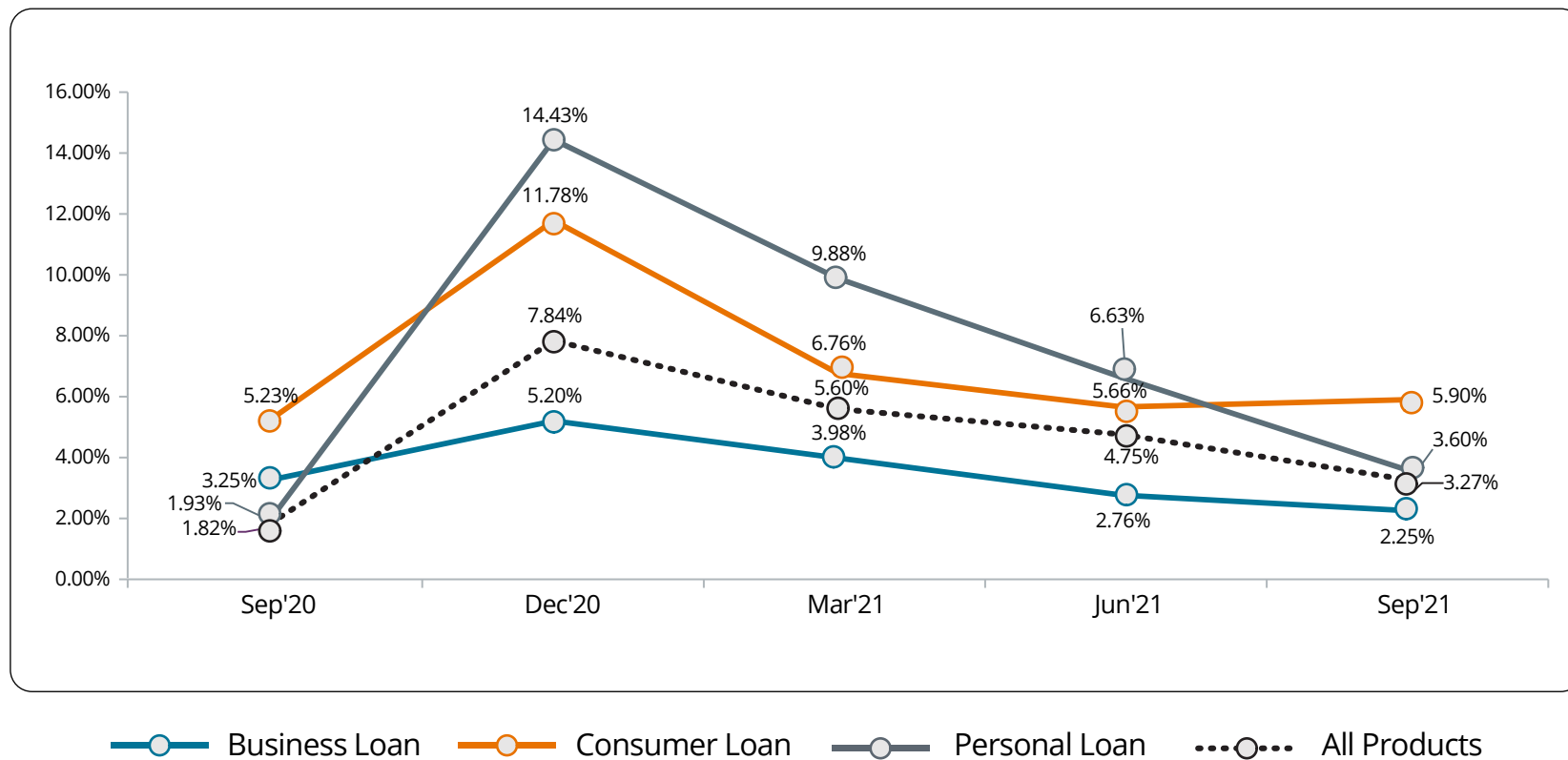


# Delinquency Deep Dive



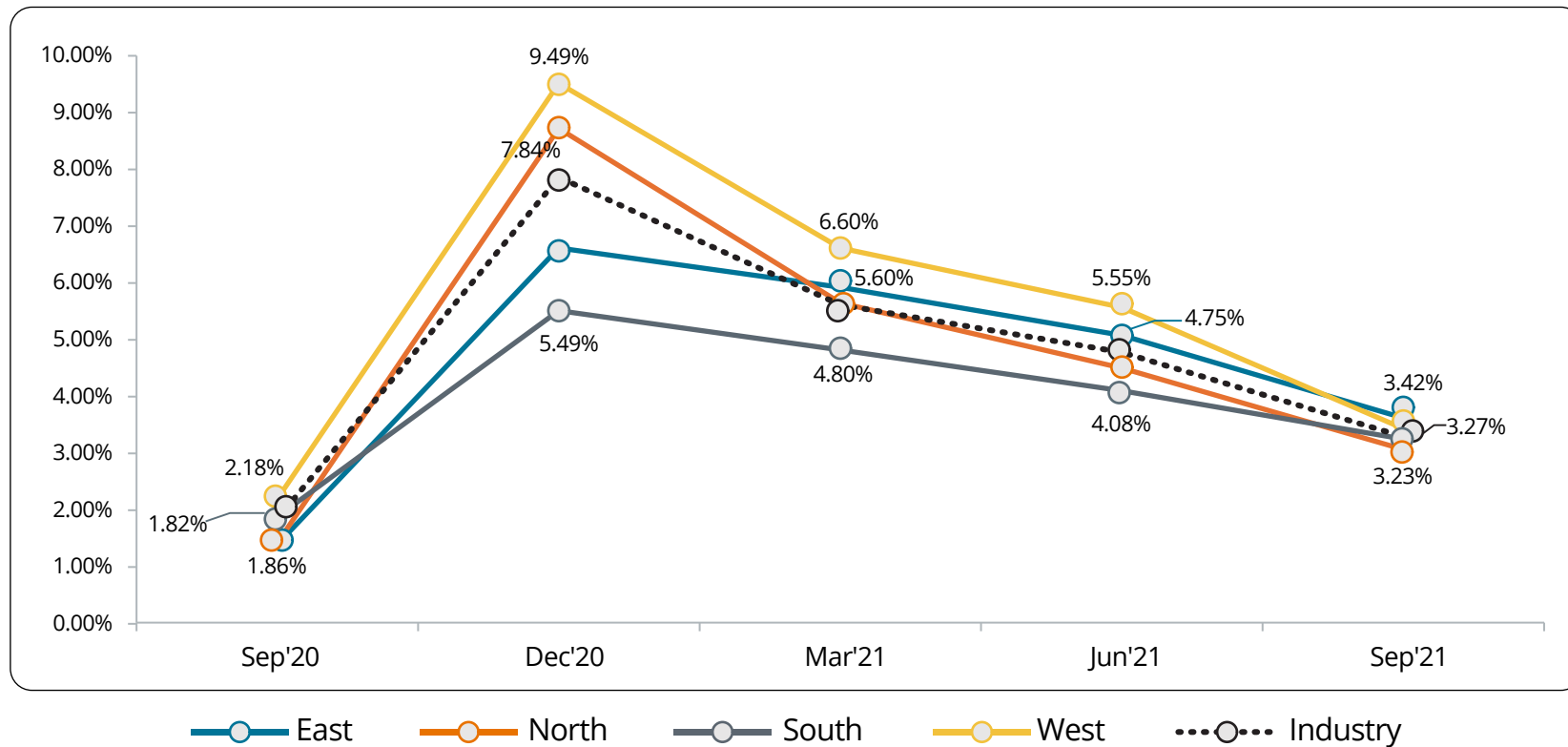


# Fintech 90+ Delinquency trends



- 90+ delinquency for Personal Loans reflected an annual rise of 1.67% from September 2020 to September 2021 and a quarterly decline of 3.03% from June 2021 to September 2021
- Consumer Loans showed increase of 0.67% annually from September 2020 to September 2021 and 0.24% quarterly from June 2021 to September 2021
- Business Loan (General) showed decline of 1.00% annually and 0.51% quarterly

# Fintech Zonal 90+ Delinquency trends



- 90+ delinquency for East zones reflected an annual increase of 2.22% from September 2020 to September 2021 showing stress conditions post moratorium, however, a quarterly decline of 1.46% from June 2021 to September 2021.
- West zone observed an increase of 1.24% from September 2020 to September 2021 and 2.13% decline from June 2021 to September 2021.
- South and North zone showed Y-o-Y increase of 1.37% and 1.64% respectively.
- All Zones have witnessed an increase in delinquency level as compared to September 2020, however, the levels have improved as compared to June 2021.

# Fintech Business Models (FBMs) Overview





**Digital Lending:** Digital lending is the process of loan disbursement which is done through electronic means. It is much faster and far simpler than the conventional means and loans can be disbursed within 24 hours. The fintech business models in this category are of diverse nature and offer both short and long term products. Also, this platform allow a customer to compare the available loan options from banks and non bank entities.



**Digital Insurance Or Insurtech:** Digital insurance is an insurance business model that relies heavily upon digital technology for internal processes and customer-facing operations. This space is mainly dominated by nascent startups which operate across various facets of the insurance life cycle—that is, lead management, underwriting, sales and distribution, claims and renewal. Digital Insurance is using blockchainbased systems at the backend to speed up claims processing. Also, traditional insurance companies are using technologies such as AI, data analytics, blockchain to help agents sell the right policy, set up virtual branches and help process claims faster and more efficiently.



**Neo Banking :** Being a digital-only platform, neobanks are fast, efficient, straightforward, adaptable and highly cost-effective. Different neobanks have a different focus – some help with managing online bank accounts, and with budgeting and saving tools. Others specialize in accounting to help automate finance, while some are assisting with the credit-underwriting process. Some neobanks control the entire banking stack and offer varied services through their digital platform.

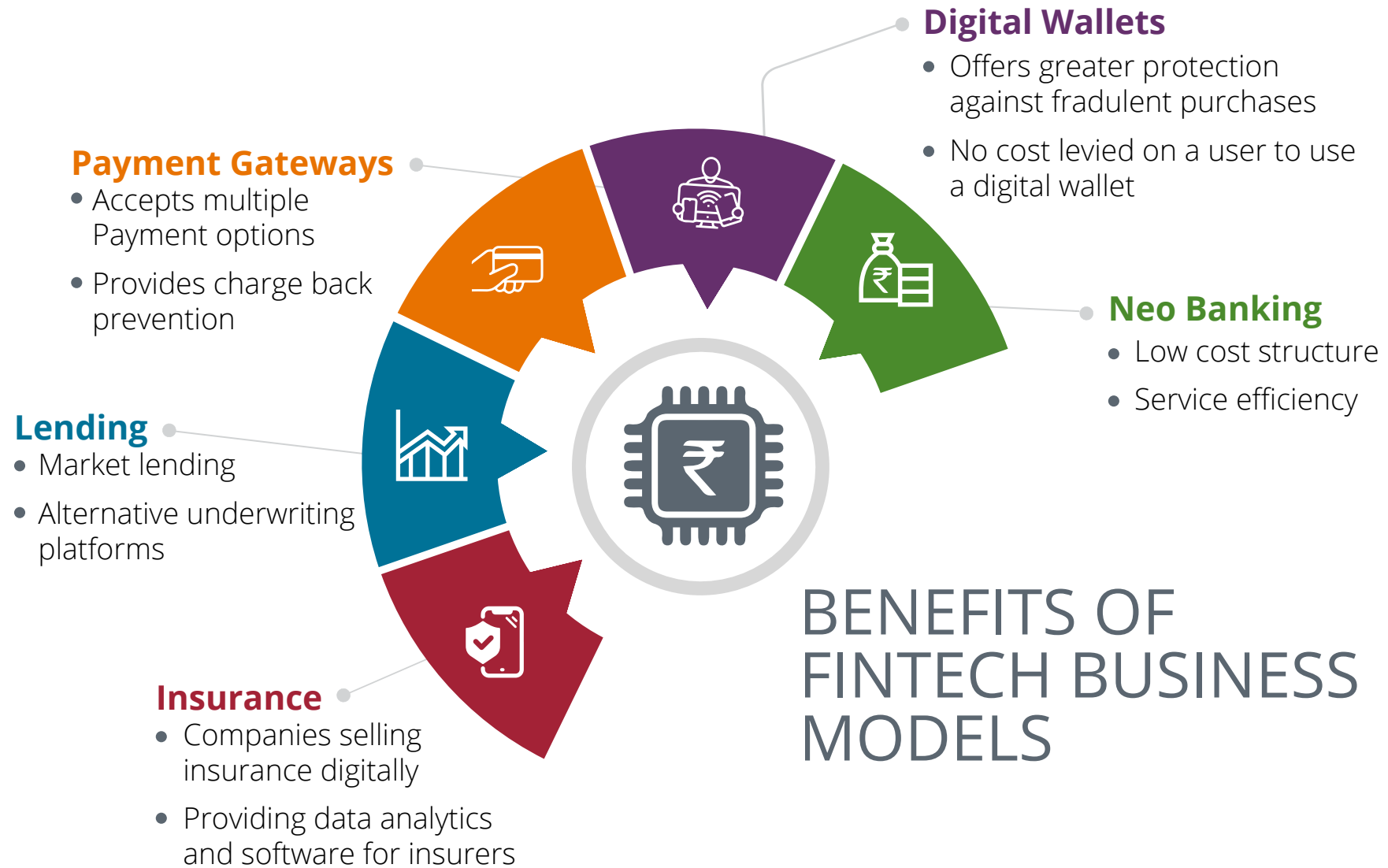


**Digital Wallet :** A digital wallet is a system that securely stores payment information and passwords for numerous payment methods and websites. By using a digital wallet, users can complete purchases easily and quickly with near-field communications technology or through online transfers. Digital wallets can be used in conjunction with mobile payment systems, which allow customers to pay for purchases with their smartphones. A digital wallet can also be used to store loyalty card information and digital coupons.



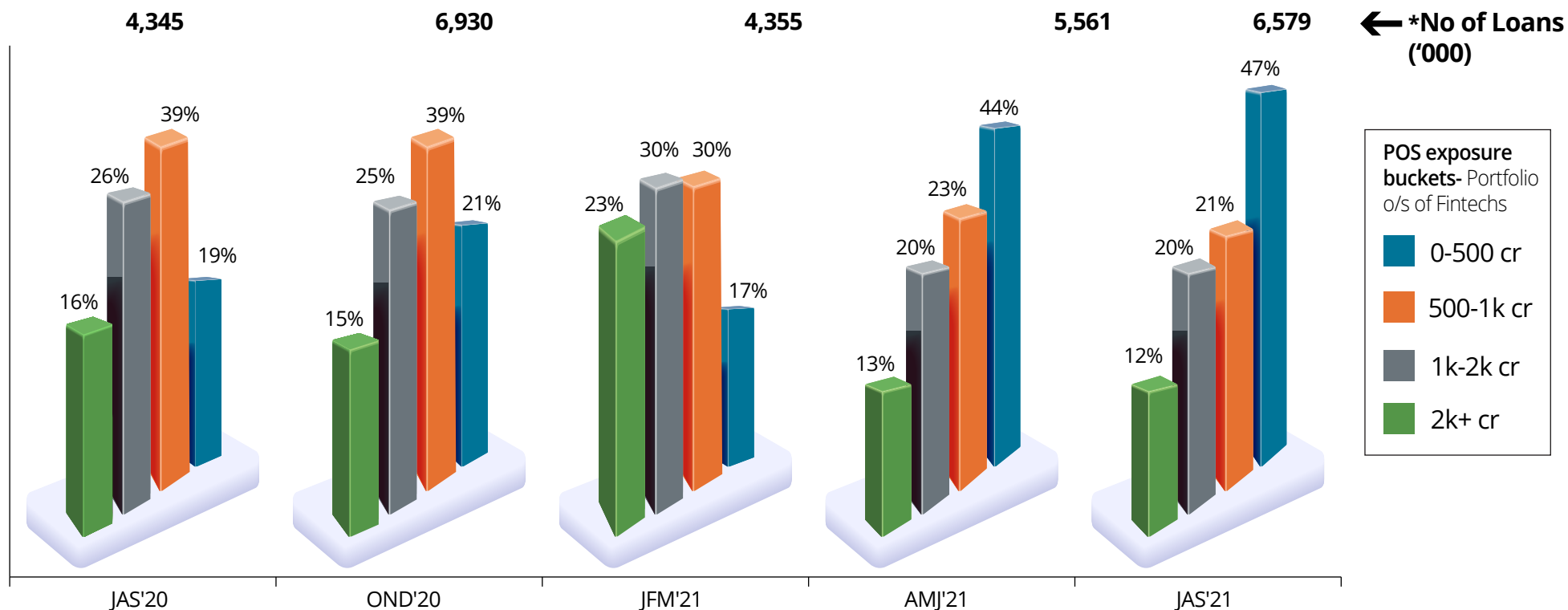
**Payment Gateways :** Under this model, Fintech companies integrate varied payment methods into the convenient form of applications or apps. These applications are adopted by online merchants, online businesses like e-commerce, and are easily affordable and seamlessly integrated on their respective websites. Thus, the payment gateways are the convenient platforms that allow shoppers, consumers to pay for their shopping for a service/product, directly on the websites of e-stores or shops they are buying from, in the virtual-mode. Fintech companies allow payment gateways to work on the line of varied payment applications where businesses sell their products and services directly to the end-users

Source: [www.fusioninformatics.com](http://www.fusioninformatics.com)



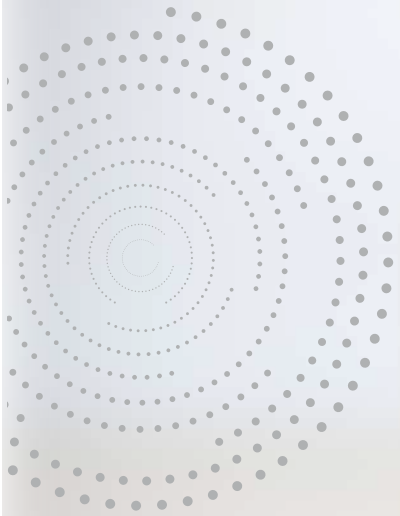
# Disbursement Trends of Fintech's Lending Business Model

The % share in number of loan disbursed by Fintech lenders as per POS exposure buckets



- Overall Fintech Lending business model observed an Y-o-Y growth of 51% and Q-o-Q growth of 18% from AMJ'21 to JAS'21 in the number of loans disbursed.
- Annual growth of 279% and a quarterly growth of 26% from AMJ'21 to JAS'21 is reflected in the loans disbursed by the institutions falling under ₹0-500 crore POS bucket size.
- ₹500-1k crore POS exposure bucket registered a decline of 21% from JAS'20 to JAS'21.
- ₹1k-2k crore POS exposure bucket recorded Y-o-Y growth of 19%.

\*No of loans given are of Fintechs using Lending Business Model only



Live POS or Active loans = 0 to 179 DPD + New Accounts + Current Accounts

POS = Portfolio Outstanding

90+ Delinquency = 90-179 DPD/ Live POS

ATS (Average Ticket Size) = Disbursed Amount / Number of Loans

JAS'20 = July 2020 to September 2020

OND'20 = October 2020 to December 2020

JFM' 21 = January 2021 to March 2021

AMJ'21 = April 2021 to June 2021

JAS'21 = July 2021 to September 2021

## **Rest of the products (ROP) :**

Auto Loan, Business Loan Against Bank Deposits, Business Loan - Priority Sector - Agriculture, Business Loan - Priority Sector - Small Business, Business Loan - Secured, Business Loan - Unsecured, Check Credit/Line of Credit, Commercial Vehicle Loan, Credit Card, Education Loan, Gold Loan, Housing Loan, Lease Loan against Shares/Securities, Loan on Credit Card, Loan to Professional, Manufactured Housing, MicroFinance Business Loan, MicroFinance Housing Loan, MicroFinance Personal Loan, Other, Overdraft, P2P Personal Loan, Pradhan Mantri Awas Yojana - Credit Link Subsidy Scheme MAY CLSS, Property Loan, Tractor Loan, Two-wheeler Loan, Used Car Loan

## **Zones:**

East : Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, West Bengal

North : Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Uttar Pradesh, Uttarakhand

South : Andhra Pradesh, Karnataka, Lakshadweep, Kerala, Tamil Nadu, Telangana, Andaman & Nicobar Islands, Pondicherry

West : Dadra & Nagar Haveli, Daman & Diu, Goa, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan



The Fintech Pulse (Report) is prepared by Equifax Credit Information Services Pvt Ltd (Equifax). By accessing and using the report, the user acknowledges and accepts that such use is subject to this disclaimer. This Report is based on collation of information submitted by institutions to the bureau as of September 2021 and who are members of Equifax. While Equifax takes reasonable care in preparing the Report, it shall not be responsible for accuracy, errors and/or omissions caused by inaccurate or inadequate information submitted by institutions. Further, Equifax does not guarantee the adequacy or completeness of the information in the Report and/or its suitability for any specific purpose nor is Equifax responsible for any access or reliance on the Report and that Equifax expressly disclaims all such liability. This Report is not a recommendation for rejection/denial or acceptance of any application, product nor any recommendation by Equifax to (i) lend or not to lend and (ii) enter into or not to enter into any financial transaction with the concerned individual/entity. The information contained in the Report does not constitute advice and the user should carry out all necessary analysis that is prudent in its opinion before taking any decision based on the Information contained in this Report. All analysis presented in the Report is based on samples. The use of the Report is governed by the provisions of the Credit Information Companies (Regulation) Act 2005, the Credit Information Companies Regulations, 2006, Credit Information Companies Rules, 2006. No part of the report should be copied, circulated, published without prior approvals.

The current report is an analysis of 115 NBFC-Fintechs (as on September 2021) which submit data to Equifax.