

FinTech Lending Trends

H1 FY 2022-2023

Introduction

We are pleased to introduce our report FinTech Lending Trends. As the name suggests, the report aims to uncover the lending patterns for the FinTech Lending industry, which is ever-evolving.

In this first issue, we capture the trends in growth, geography, products, ticket sizes and portfolio quality. We will expand the scope with relevant metrics based on the market needs.

We hope the report will inform the market players to get the pulse of changes, benchmark the industry and drive business decisions to expand prudently and responsibly.

Notes

FinTech/digital lending (defined by the RBI in DLG) across Banks and NBFCs in different asset classes, particularly for retail lending like PL, CD, BNPL, Business, etc.

We know that Banks and NBFCs, on their own and in partnership with FinTechs (as NBFCs or LSPs) have a large and increasing digital loan book on their balance sheet. However, loans submitted to the credit bureau do not have any marker if a loan is digital, physical or phygital and hence no way to cull out a comprehensive view of digital loans.

In this report, we take a cohort of 95 NBFCs, who largely do FinTech/digital loans, as per our research to capture the trends in fintech lending. While we took care in identifying these NBFCs, it is possible that some FinTech-NBFCs are left out and FinTech-NBFC included here have small non-digital loans. So the report, rather than capturing the FinTech lending comprehensively for scale, looks at trends precisely for FinTech-only NBFCs.

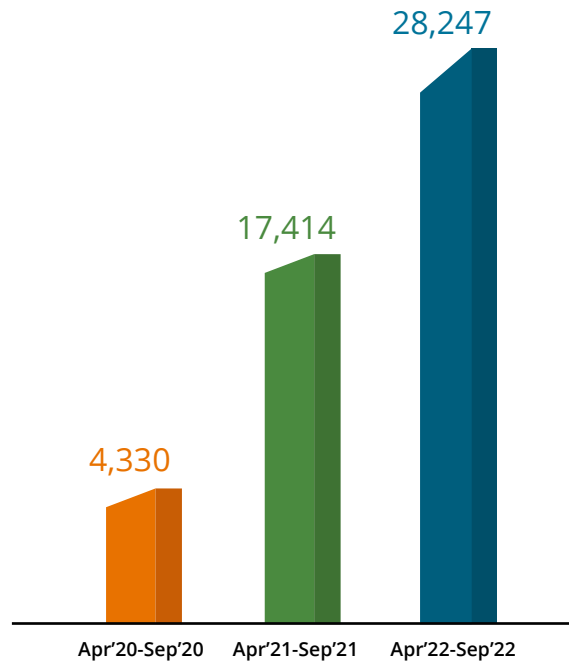
Digital lending overall is much much larger, multiple of what this report presents (as loans largely lie on the balance sheet of NBFCs/Banks) though it is difficult to estimate with certainty as data is hard to come by.

Highlights

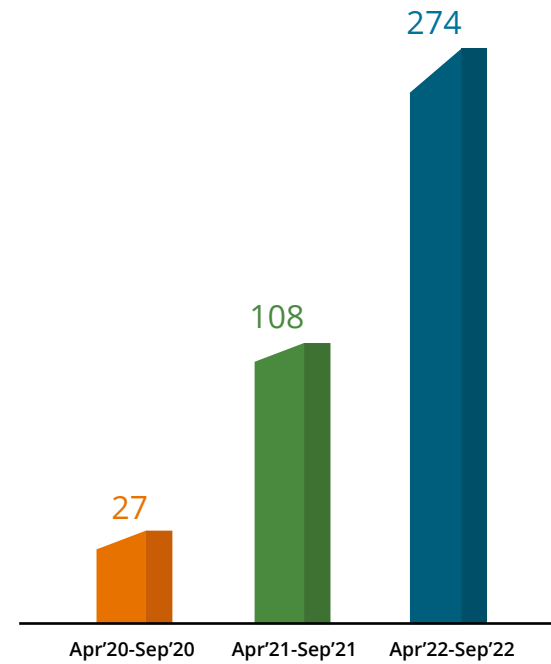
H1 FY 2022-2023

- Disbursed amount: ₹ 28,247 Cr
- Loans disbursed: ₹ 2.74 Cr
- Average ticket size: ₹ 10,313
- BL account for 8% and CD account for 9% each while
- PL accounts for 66% and the rest by other products
- The top 5 states (Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana) account for 54% of the disbursement

Disbursement Amount (₹ crore)

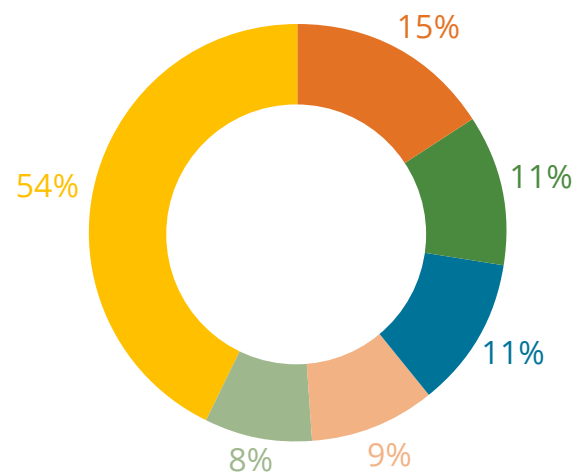


No. of Loans (in Lakhs)



- On a half-yearly basis, the disbursement grew strongly over the last year, 62% in value and 153% in volume terms. In the first half of the current FY, FinTech NBFCs disbursed 2.74 Cr loans through their balance sheet

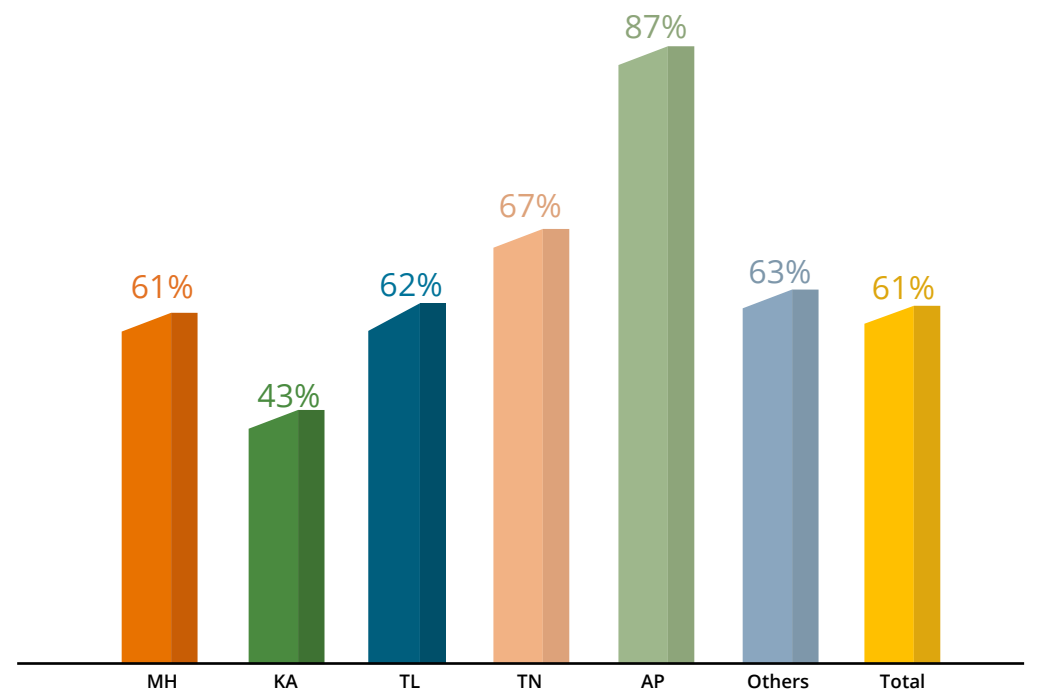
Share of Top States in Disbursements Apr'22 – Sep'22



MH KA TL TN AP Rest Of States

TN: Tamil Nadu, KA: Karnataka, MH: Maharashtra, TL: Telangana, UP: Uttar Pradesh, DL: Delhi, GJ: Gujarat, AP: Andhra Pradesh

Growth in Disbursement Amount in Apr'22 – Sep'22 Over The Last Year

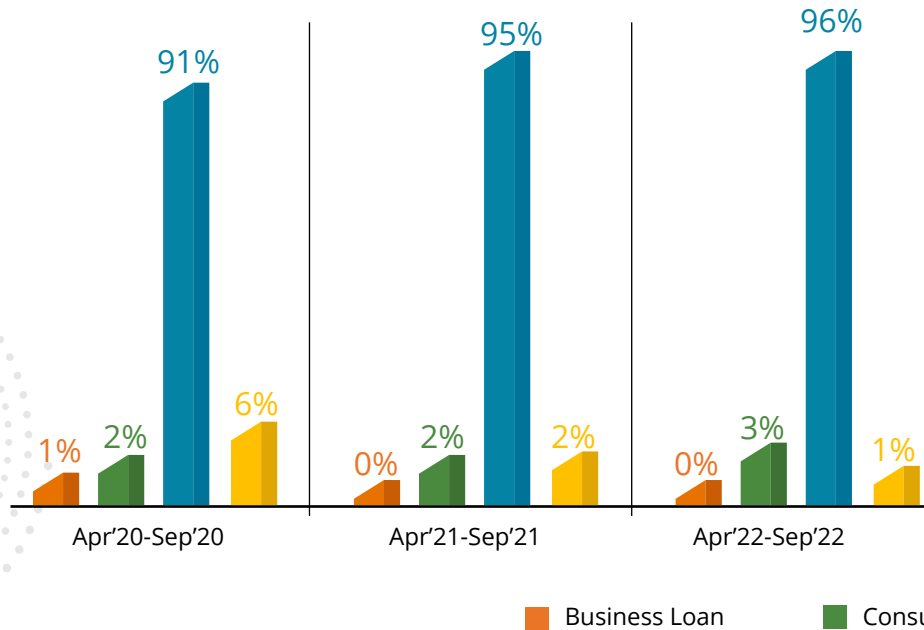


MH KA TL TN AP Others Total of top 5 states

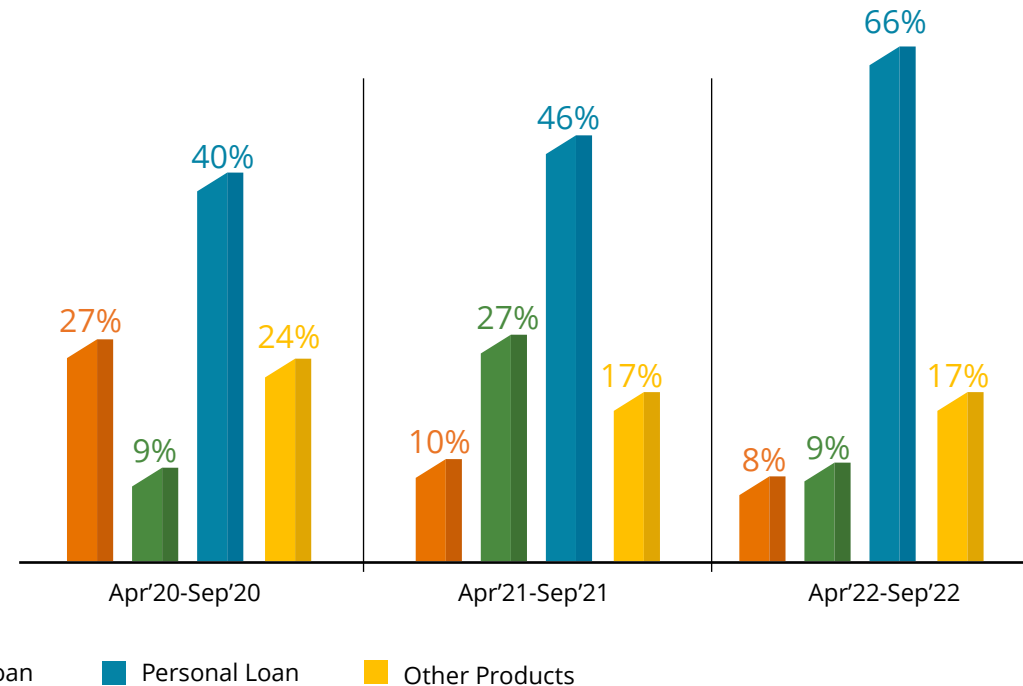
- The top five states account for over 54% of the disbursement amount without changing their relative position from the last year
- Andhra, Telangana and Tamil Nadu grew faster than other states

Product Wise Disbursement Trends

% Market Share (by Volume)

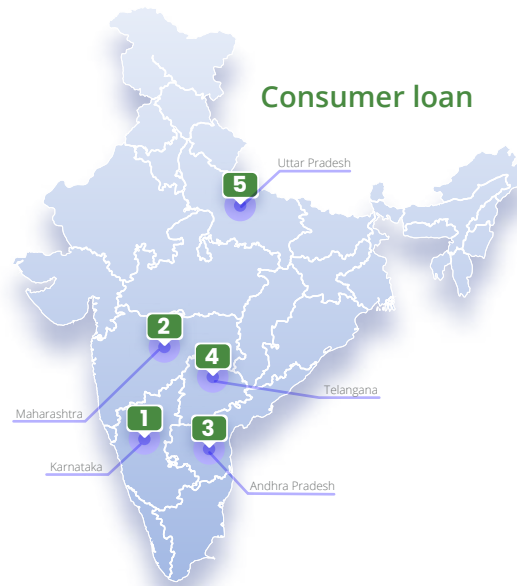
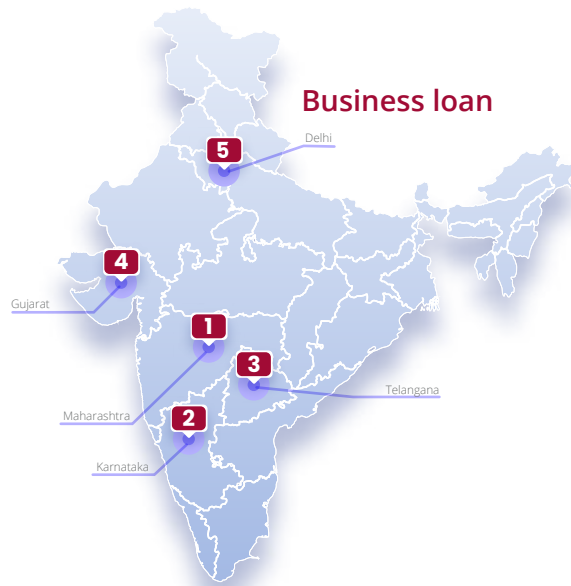


% Market Share (by Value)



- Personal Loan remains the dominant product accounting for 96% of the volume. However, given the difference in ticket size across product, it accounts for 66% of the value

Ranking of Top 5 States in Disbursement Amount Across Products, H1 FY 22-23



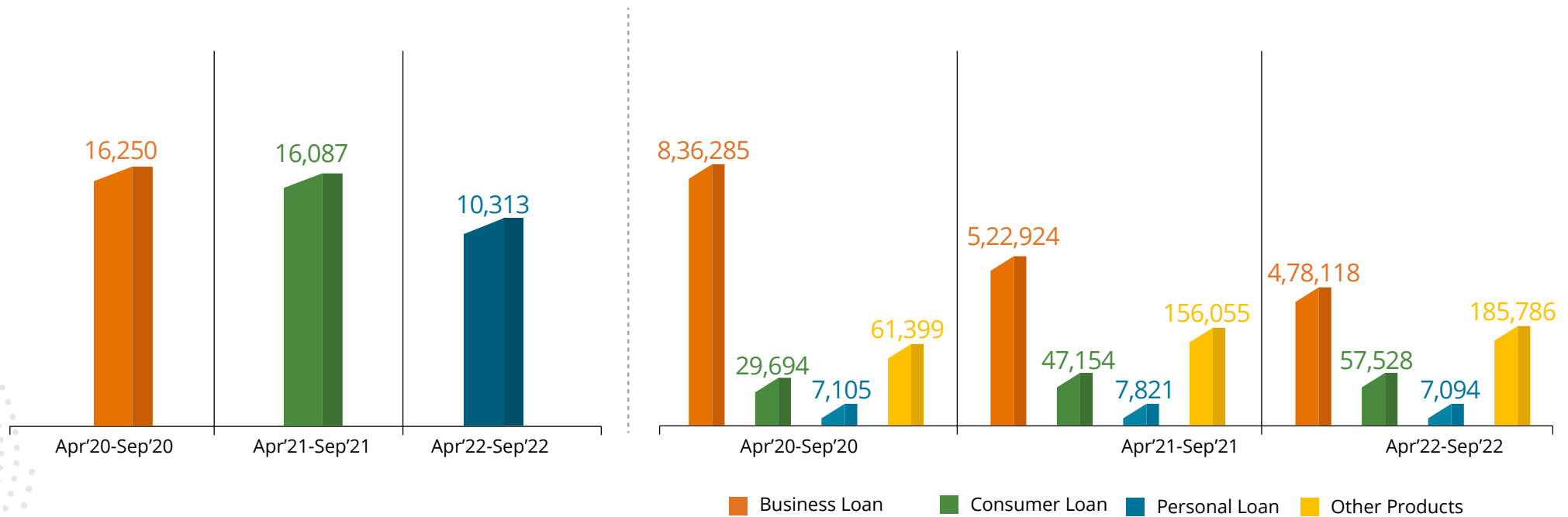
Share of Top 5 States in Portfolio Outstanding across products 30th September 2022

Business loan		Consumer loan		Personal loan	
MH	19%	KA	15%	MH	16%
DL	9%	TL	12%	KA	13%
KA	9%	MH	12%	TL	11%
UP	9%	AP	11%	TN	9%
TN	8%	UP	8%	AP	7%

TN: Tamil Nadu, KA: Karnataka, MH: Maharashtra, TL: Telangana, UP: Uttar Pradesh, DL: Delhi, GJ: Gujarat, AP: Andhra Pradesh

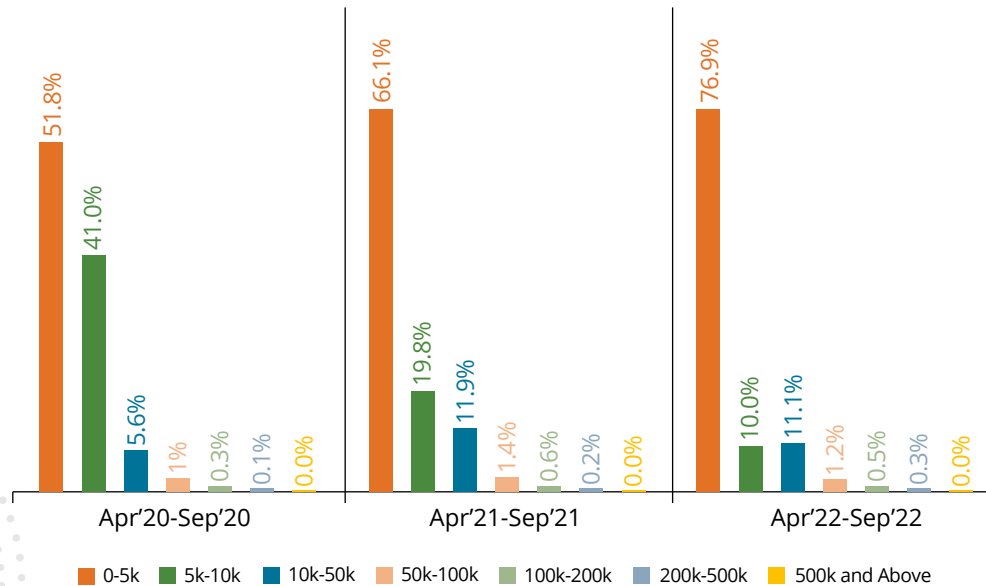
- Across products, there is slight variation in the top 5 states
- As on September 2022, Maharashtra is leading in BL and PL, contributing the highest towards portfolio outstanding. Karnataka leads in CD

Average Ticket Size Trends

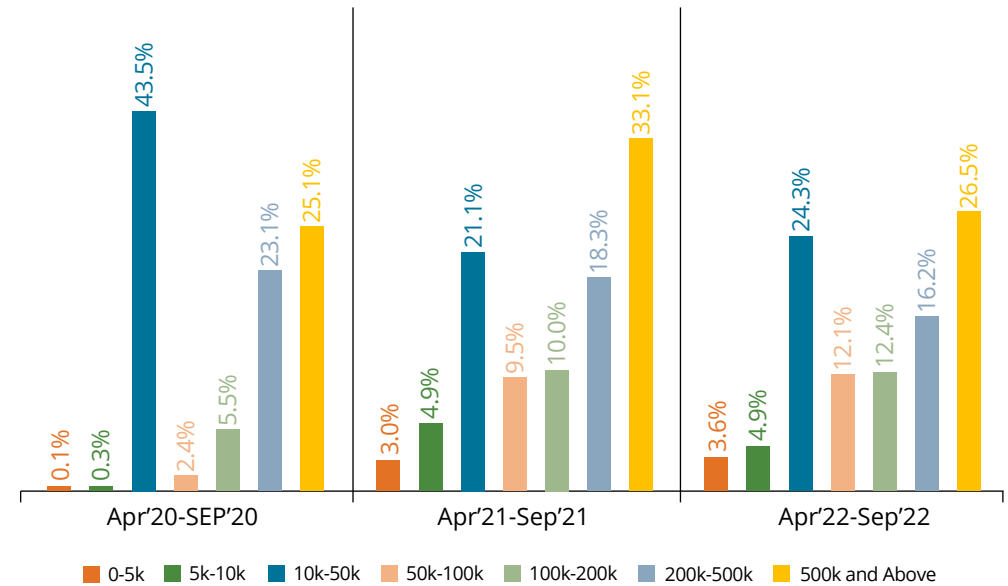


- With the expansion of growth, the average ticket size, however, decreased by 36% in Apr'22-Sep'22 from Apr'21-Sep'21

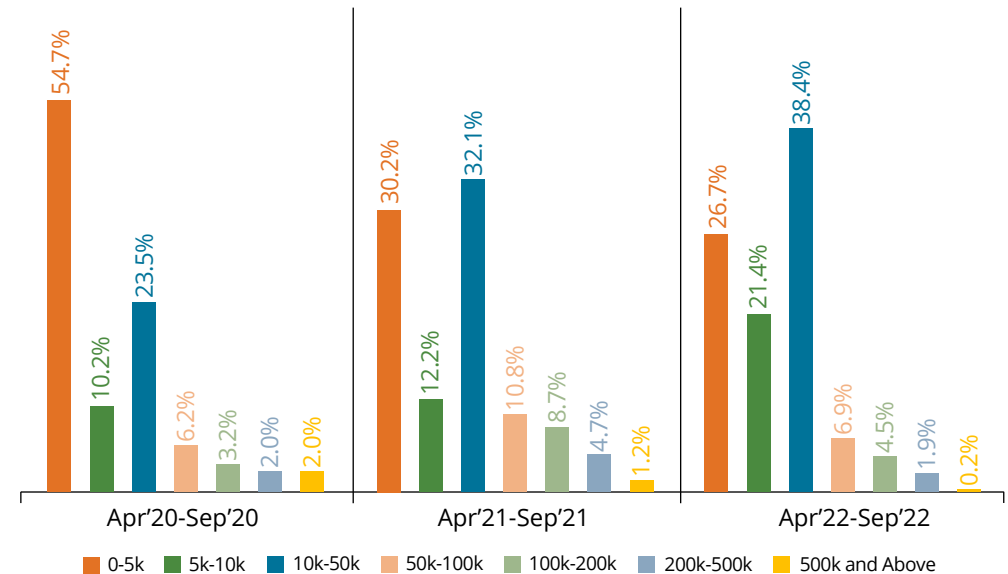
Personal Loan



Business Loan

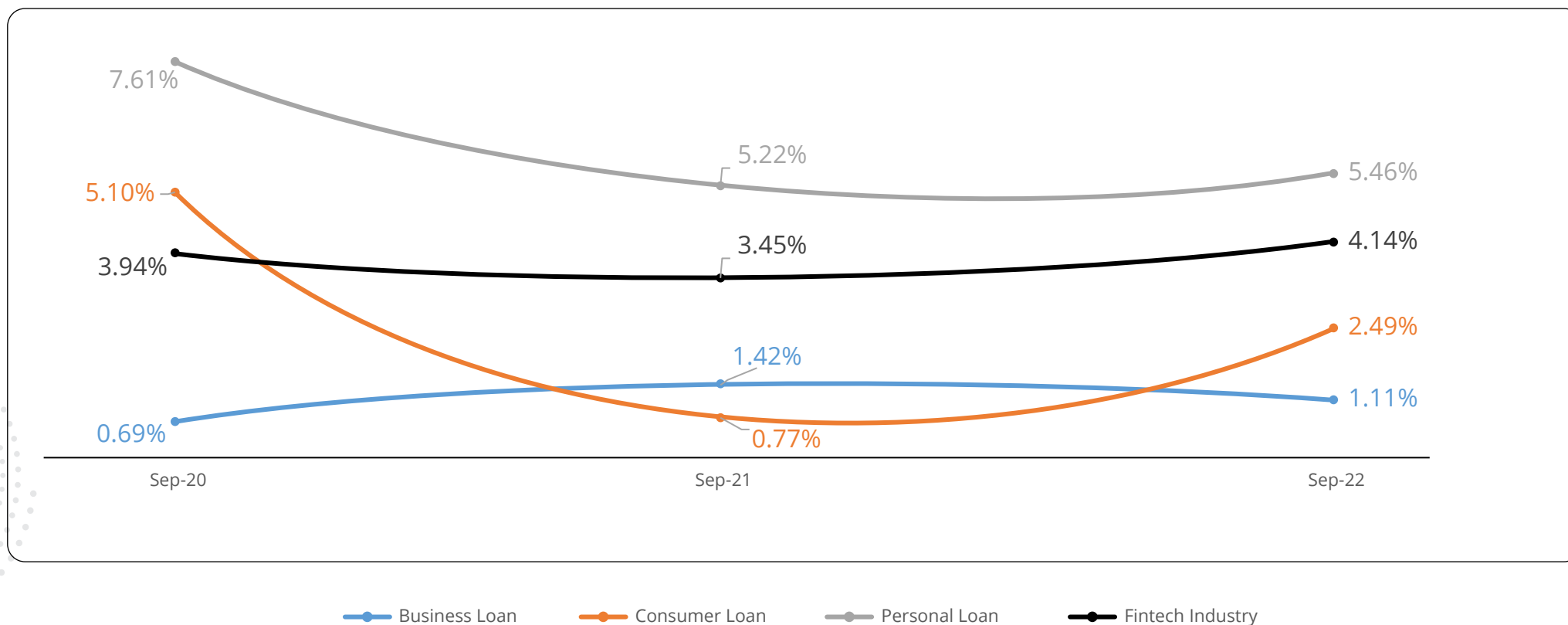


Consumer Loan



- Highest number of personal loans are disbursed in 0-5k ticket size category
- In consumer segment 5k-10k ticket size category witnessed the highest growth of 493% from Apr'21-Sep'21 to Apr'22-Sep'22
- In Business loan, highest number of loans are disbursed under 500k & Above ticket size category during Apr'22-Sep'22 followed by 10k-50k ticket size category

90+ Delinquency Trends



- Portfolio quality (dpd 90+, excluding 180+) at an aggregated industry level is at 4.14%. The performance of business and consumer loans is better than personal loans

Definitions

- 90+ delinquency = 90 - 179 dpd/ 0-179 dpd
- Avg Ticket Size = Disbursement Amt/ No. of Loans
- Disbursement amount
- Digital Lending Guidelines(DLG): In Sep 2022, RBI issued Digital Lending Guidelines (DLG) with a comprehensive regulatory framework for digital loans.
- Lending Service Provider (LSP): As per DLG, LSP is an agent of a Regulated Entity who carries out one or more of lender's functions or part thereof in customer acquisition, underwriting support, pricing support, servicing, monitoring, recovery of specific loan or loan portfolio on behalf of REs in conformity with extant outsourcing guidelines issued by the Reserve Bank.



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FinTech Association for Consumer Empowerment (FACE) is a non-profit industry body set up in Sep 2020, convening fintech lenders to collectively advance fair and responsible digital lending practices through self-regulation and customer empowerment. The growing membership of fintech lenders in FACE account for an estimated 50% of the retail digital lending by non-banks. FACE pursues an ecosystem building approach that creates value for all stakeholders while contributing to prosperity and resilience for the customers. Core functions for FACE are self-regulation, policy, knowledge and market development using the customer-first lens.

www.faceofindia.org



Get in touch

For any clarification/suggestions, please contact

teamface@faceofindia.org

shruti.joshi@equifax.com

vandana.panchal@equifax.com

ashwini.ingale@equifax.com

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