

EQUIFAX®

FACE

REPORT

Gross Sales by Sales Analysis

April May June July August September



BUSINESS REPORT

DISTANCE (MILES)

PACE (TIME / MILE)



MY RUNNING LOG

DISTANCE (MILES)



FinTech Lending Trends

FY 2022-2023

Introduction

We are pleased to share the 2nd edition of FinTech Lending Trends. Expanding the scope from the previous report, we have captured the lending trends for the FinTech Lending industry across scale, growth, geography, age, gender, products, ticket sizes, tenure and portfolio quality.

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 Digital Lending Guidelines) in Banks and NBFCs spreads across different asset classes, particularly for retail lending products like personal, consumer, and business. Banks and NBFCs, on their own and in partnership with FinTechs (as NBFCs or LSPs) have an increasingly large 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 have taken a cohort of 76 NBFCs, who largely do FinTech/digital loans in retail (primarily through digital lending apps), as per our research to capture the trends in fintech retail 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. It may be noted that the report does not include data from NBFCs exclusively giving MSMEs loans digitally or NBFCs where loans journey are phygital (common in education loan/vehicle loans). We have also excluded NBFCs with other types of loans alongside digital ones, even though their digital loan may be significant as there is no way to distinguish digital loans in the credit bureau data.

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

Unless we specify otherwise, the trends and market share are based on disbursement value.

Highlights

Disbursement Amount
(Rs.Crore) FY 22-23

92,267

Portfolio Outstanding
(Rs.Crore) as on Mar'23

60,922

Average Ticket Size (Rs.)
FY 22-23

12,989

Share of
males

86%

Loan Disbursed

7.1 Cr

Share of young
customers (<40 years)

80%

Share of Tier 3 cities in
Disbursement Amount

40%

Share of top 10 districts
in Disbursement Amount

23%

Top 5 States that accounts for 50% of the disbursement

- 📍 Maharashtra
- 📍 Karnataka
- 📍 Uttar Pradesh
- 📍 Telangana
- 📍 Tamil Nadu

% Market Share of Products FY 22-23

Business Loan

6%

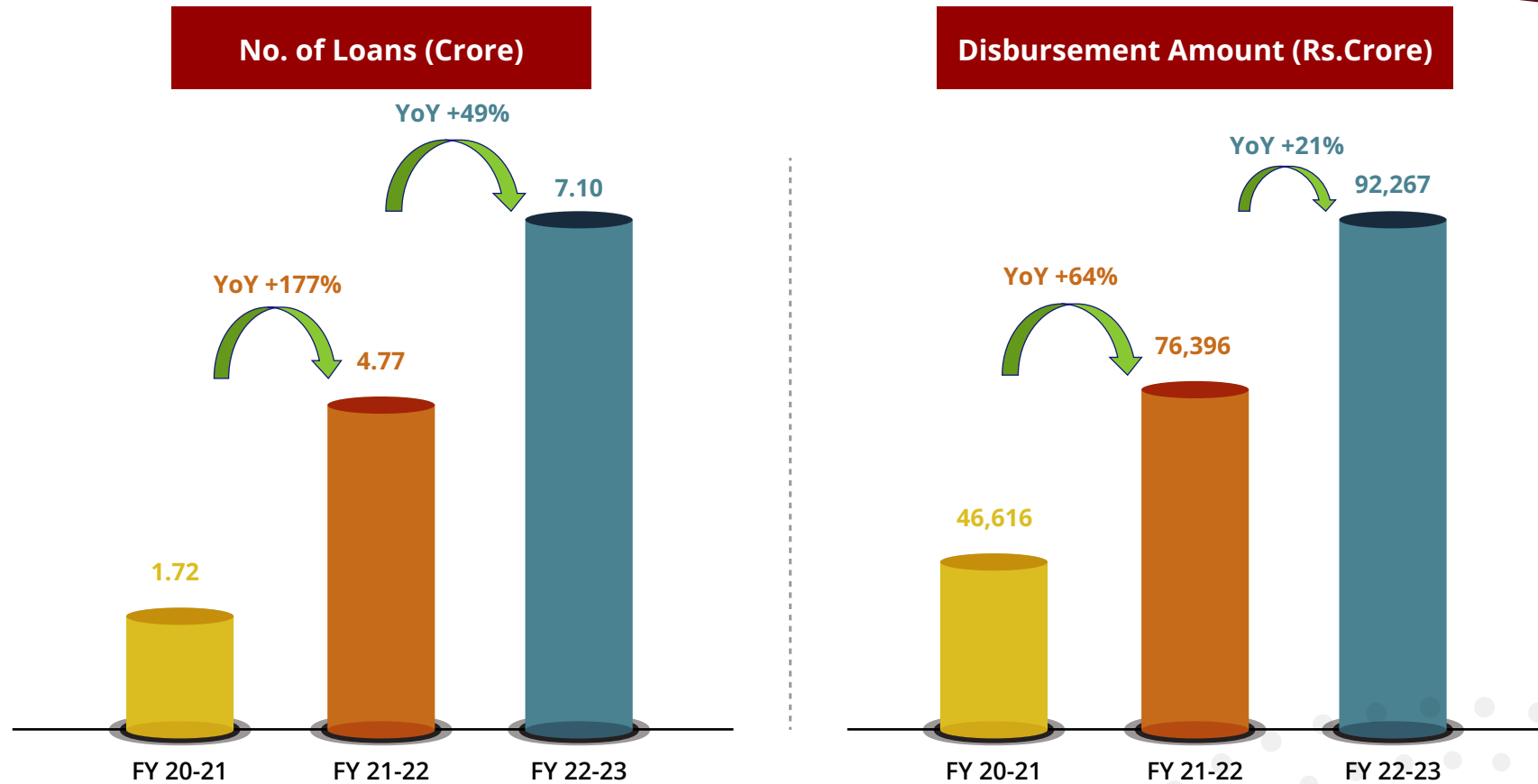
Personal Loan

72%

Consumer Loan

15%

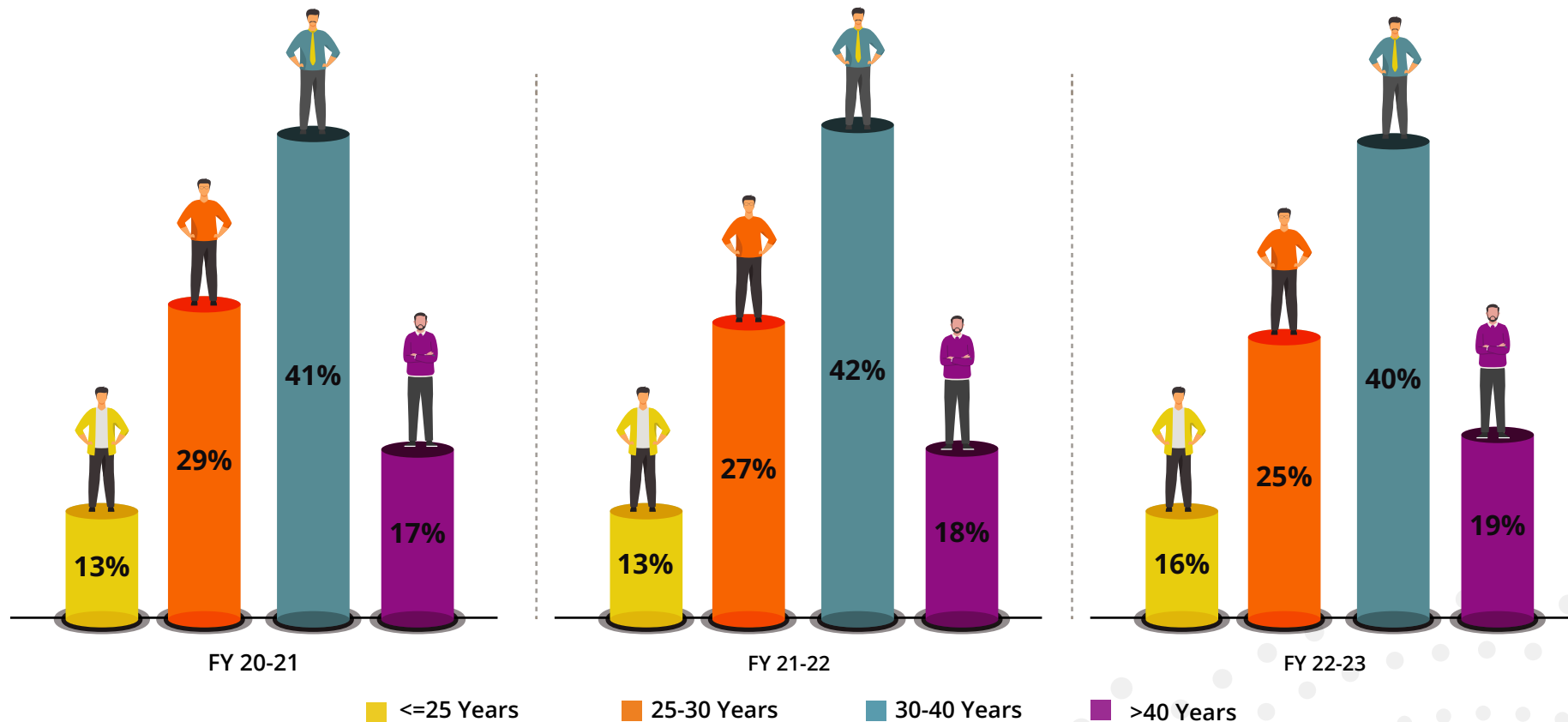
Scale



- In FY 22-23, Fintech Industry disbursed 7.10 Cr loans worth Rs. 92,267 Cr, a YoY growth of 49% in volume and 21% in value in FY 22-23 over FY 21-22. It may be noted that high YoY growth in FY 21-22 came from a low base due to COVID-19 related impacts.

Age

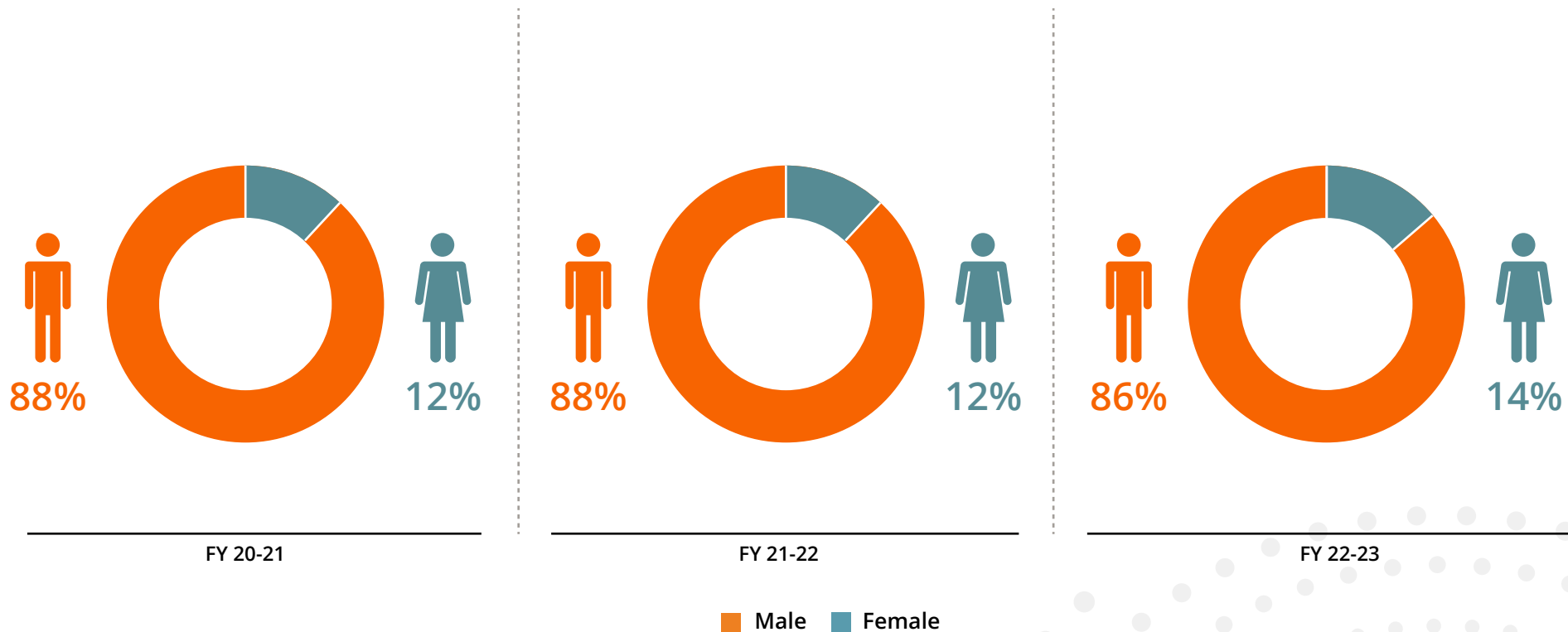
Market Share across Age by Disbursement Amount



- As it is well-known, younger customers (age < 40 years) form the largest digital lending customer base, contributing to 80% of the loans being disbursed.
- We don't see much change in the overall age profile of the customers, with the age group of 31-40 years having the highest market share, followed by 26-30 years. However, the share of very young (≤ 25 years) has increased slightly to 16%, and this group also saw the highest growth in disbursed amount by more than 50% from FY 21-22 to FY 22-23.

Gender

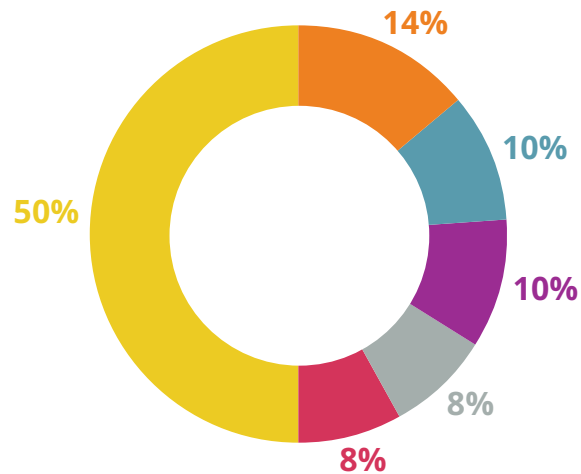
Market Share across Gender by Disbursement Amount



- Gender gaps remain wide and persistent and improving only very slightly FY 22-23 as disbursement amount to female customers accounted for 14%.
- Disbursal to females grew by 37% from FY 21-22 to FY 22-23, which is higher than growth disbursals to males for the same period.

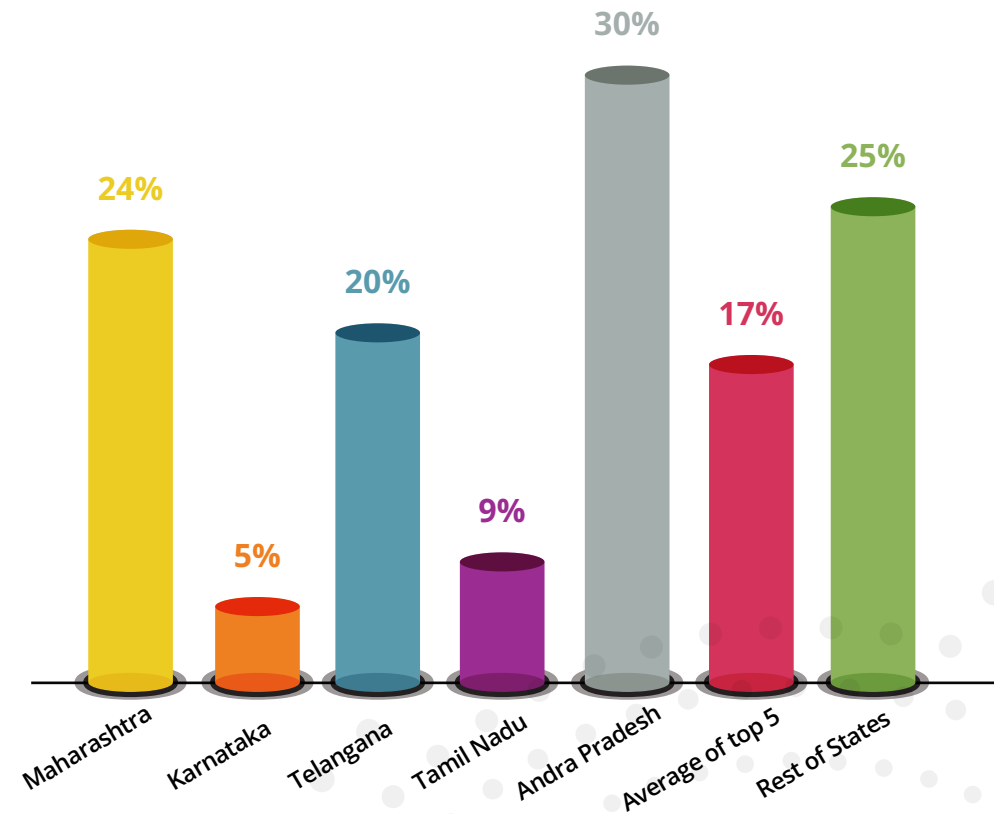
Geography : Top States

Share of Top States in Disbursement Amount, FY 22-23



■ Maharashtra ■ Karnataka ■ Uttar Pradesh
■ Telangana ■ Tamil Nadu ■ Rest of States

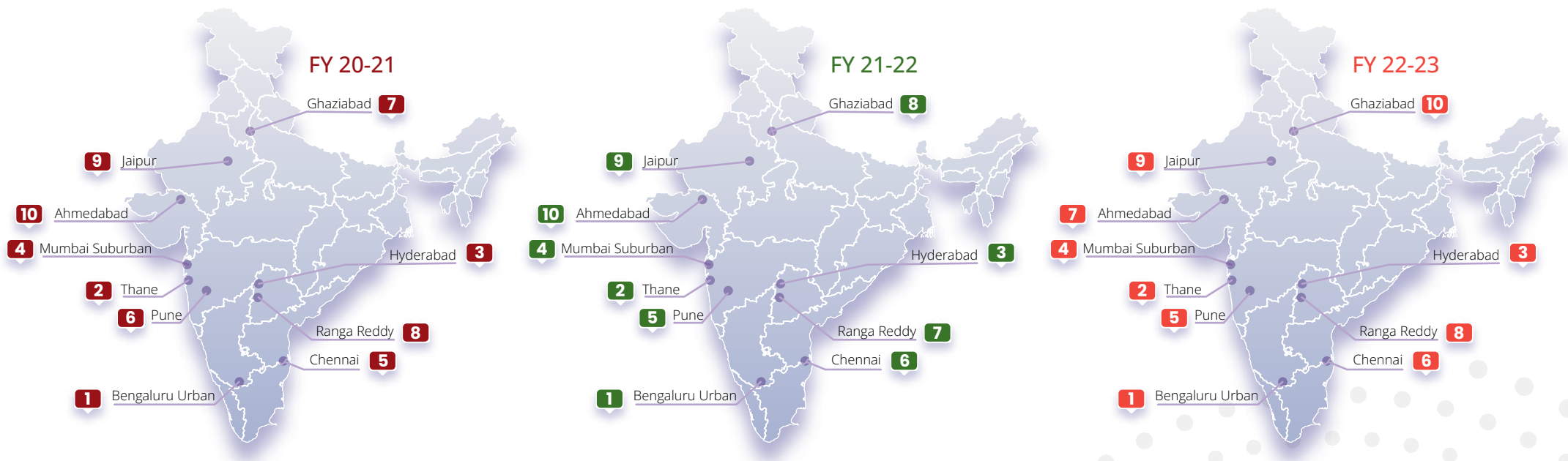
YoY Growth in Disbursement Amount in FY 22-23 over FY 21-22



- The top 5 states account for 50% of the disbursement amount.
- Maharashtra moved to 1st position in FY 21-22 from 2nd position and maintained the position in FY 22-23.
- Tamil Nadu witnessed the highest annual growth in FY 22-23 from the previous financial year.

Geography : Top Districts

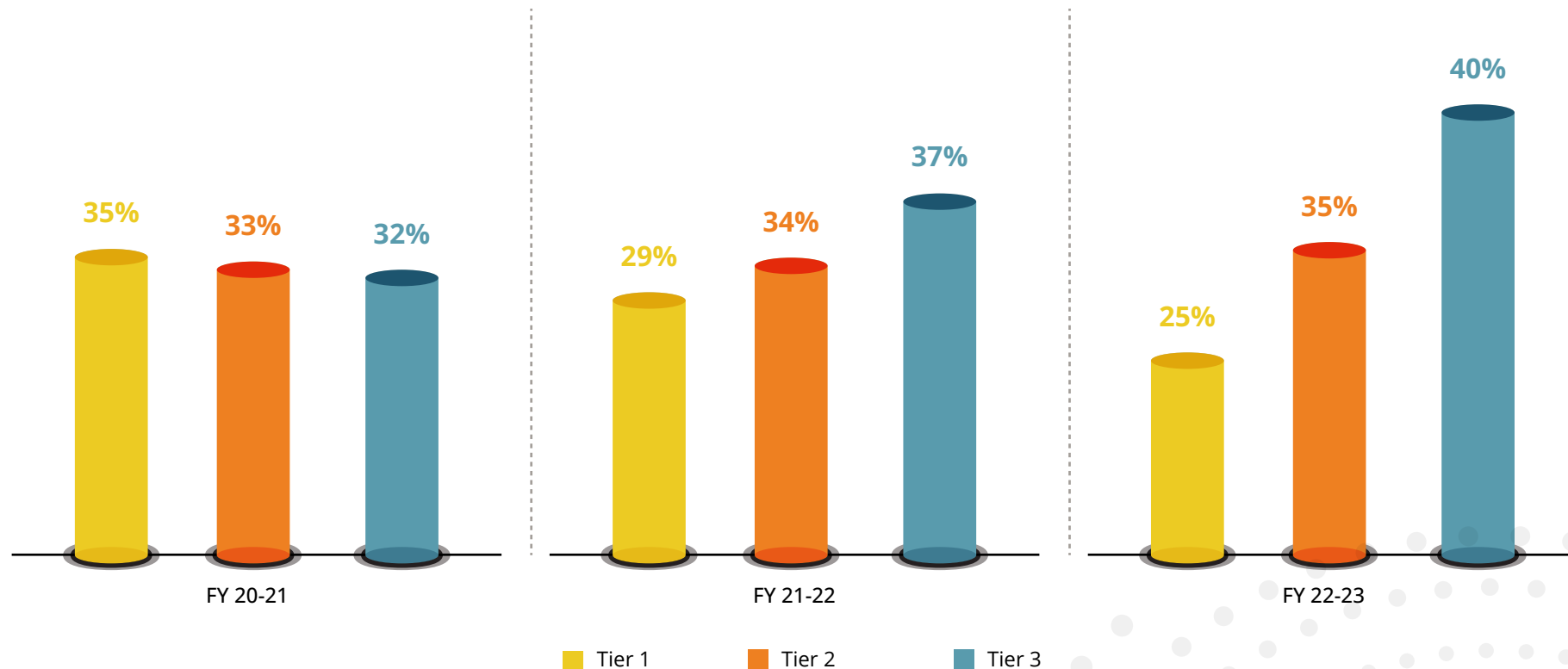
Ranking of Top 10 Districts in Disbursement Amount



- The top 10 districts contribute 23% to the overall disbursement amount in FY 22-23.
- Among all districts, Ahmedabad has the highest annual growth of 27% and improved its position from 10th to 7th in FY22-23 from FY 21-22.
- Among the top 10 districts, disbursement by value is highest in Bangalore Urban throughout the last three financial years.

Tiers

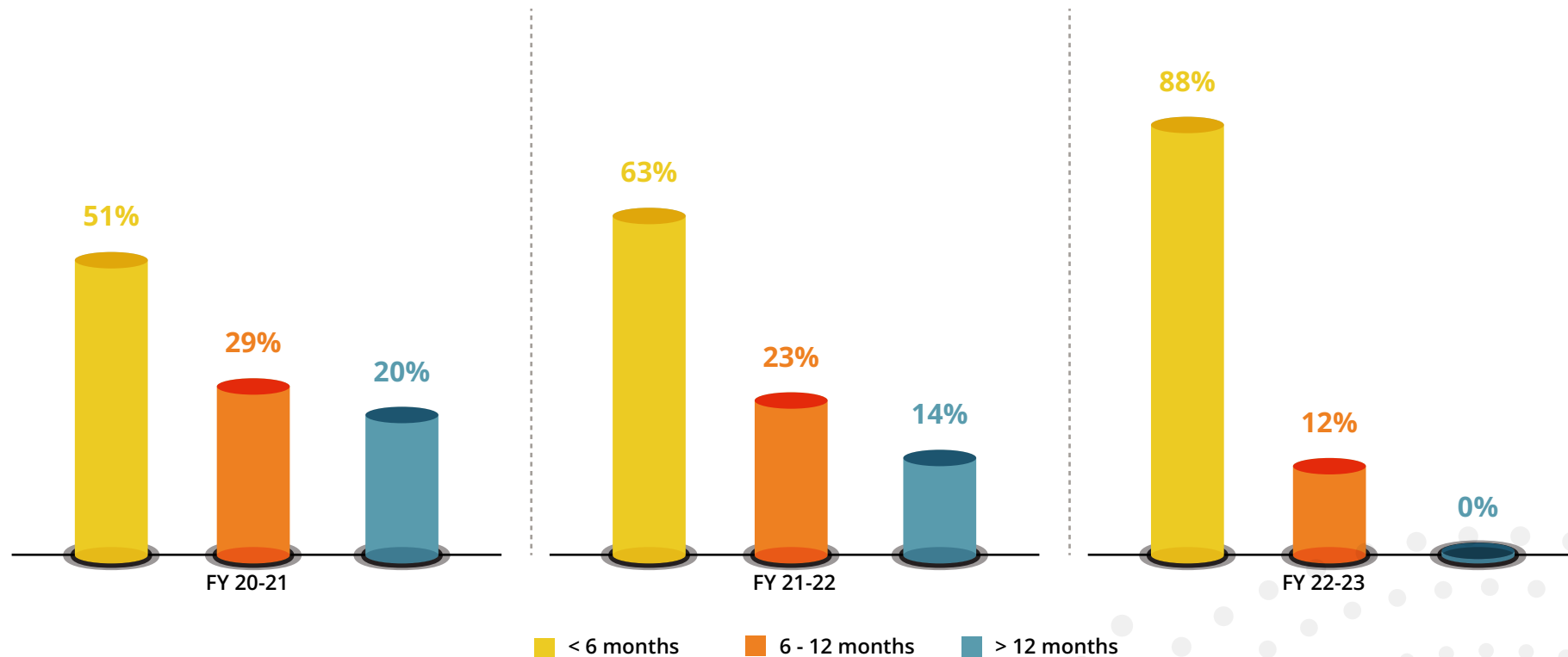
Market Share by across City-Tiers Based on Disbursement Amount



- The share of Tier 3 in digital lending is consistently increasing, accounting for 40% of disbursement amount in FY 22-23.
- The share of Tier 1 cities in digital lending has diminished to one-fourth in FY 22-23 from more than a third in FY 22-1.
- Tier 3 has witnessed the highest YoY growth of 32% in FY 22-23 from FY 21-22.
- In FY 22-23, Bangalore Urban is the highest contributor in Tier 1 and Thane in Tier 2.

Tenure

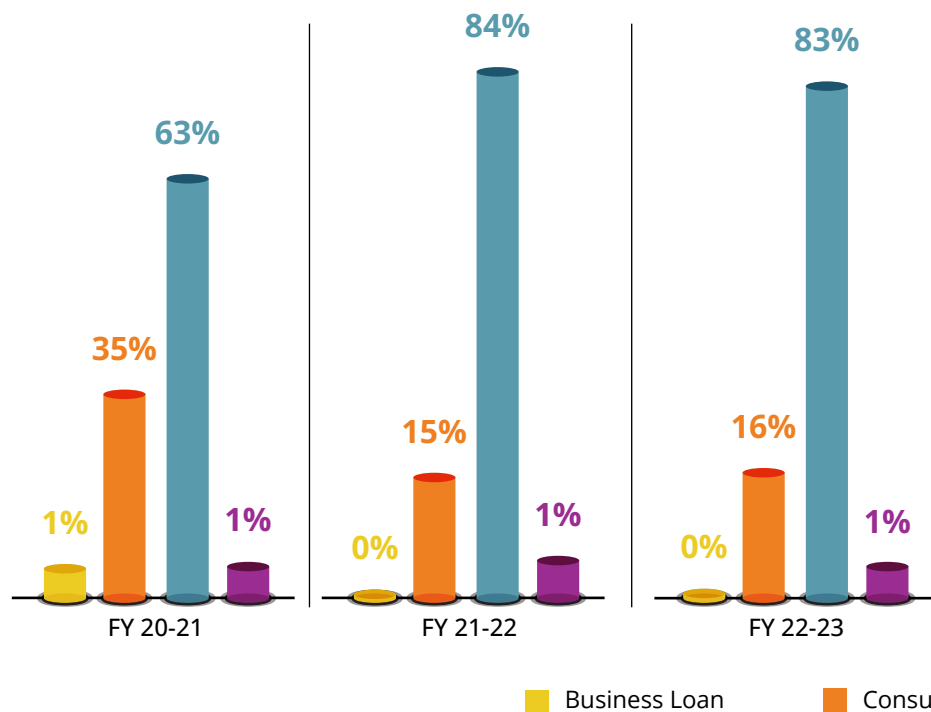
Market Share by Disbursement Amount



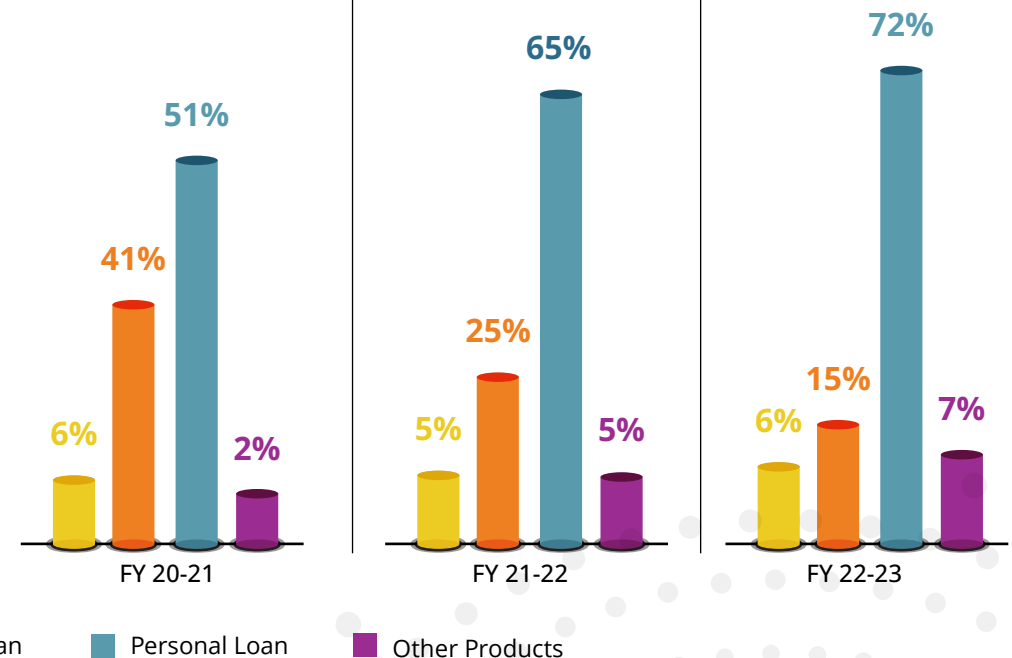
- The share of small-duration loans (<6 months) has increased, reaching 88% of the disbursement volume (of loans closed in FY 22-23). Please note that we arrived at the actual tenures of loans closed in FY 22-23 by looking at the open and closed dates for loans closed in FY 22-23.
- Most customers take digital loans for short periods, with many preclosing loans earlier than the original tenure.

Products

Market Share by No. of Loans



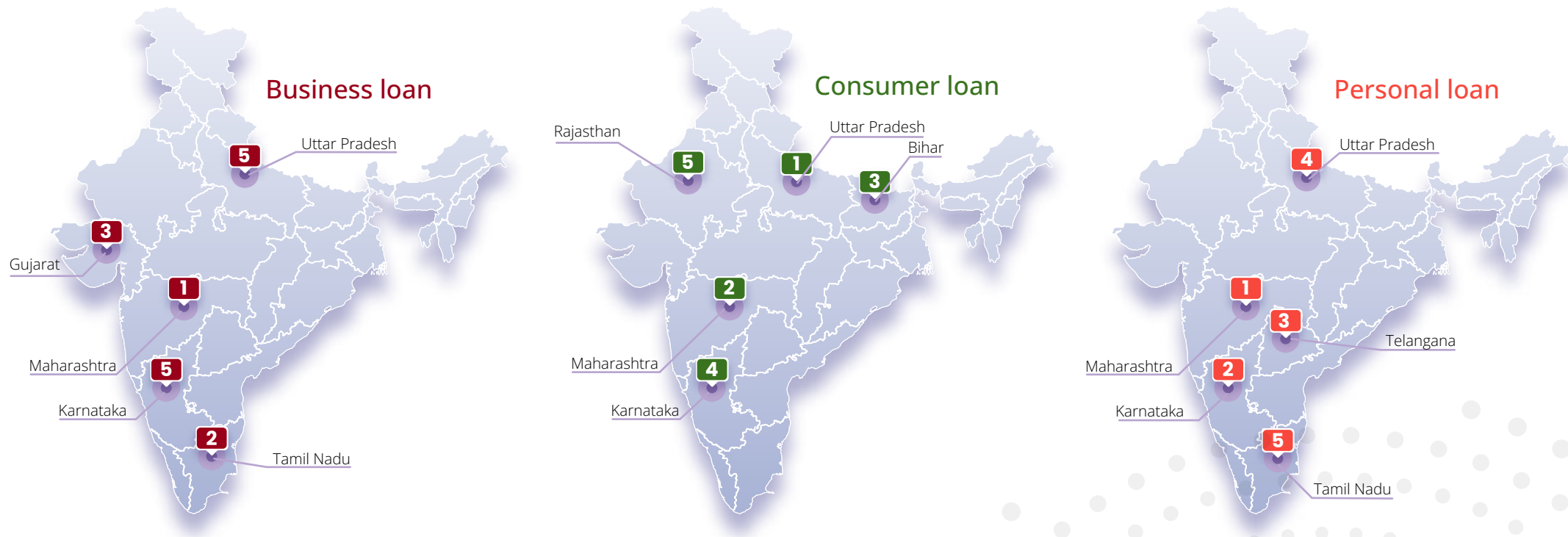
Market Share by Disbursement Amount



- Personal loans dominate digital lending products accounting for 83% in disbursement volume (~6 Cr) and 72% in disbursement value (~Rs. 66,432 Cr).
- Personal loans grew 46% from FY 21-22 to FY 22-23 in volume and 35% by value for the same period.
- Consumer loan disbursement by volume witnessed highest growth of 63% from FY 21-22 to FY 22-23.

Products Across States

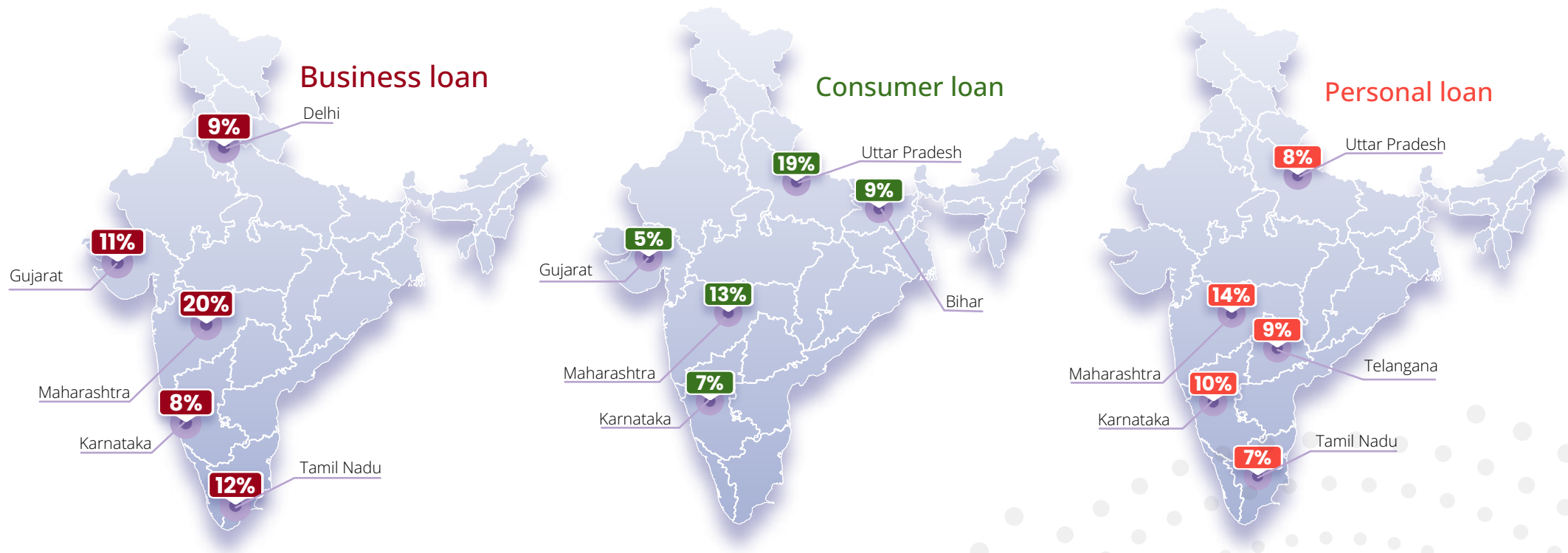
Ranking of Top 5 States in Disbursement Amount across Products FY 22-23



- Karnataka witnessed the highest annual growth in the FY 22-23 compared to the previous financial year in the Business Loan category and Tamil Nadu in the Personal Loan segment for the same period.

Products Across States

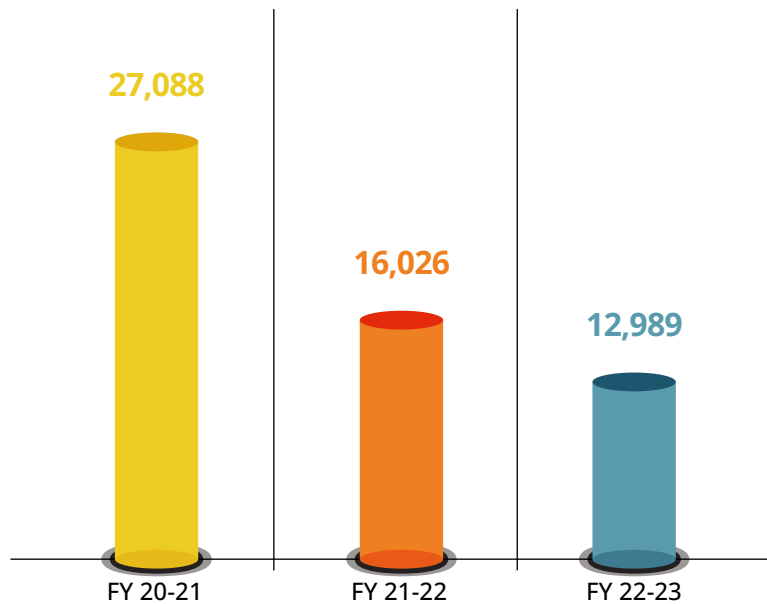
Share of Top 5 states in Portfolio Outstanding across Products Mar 2023



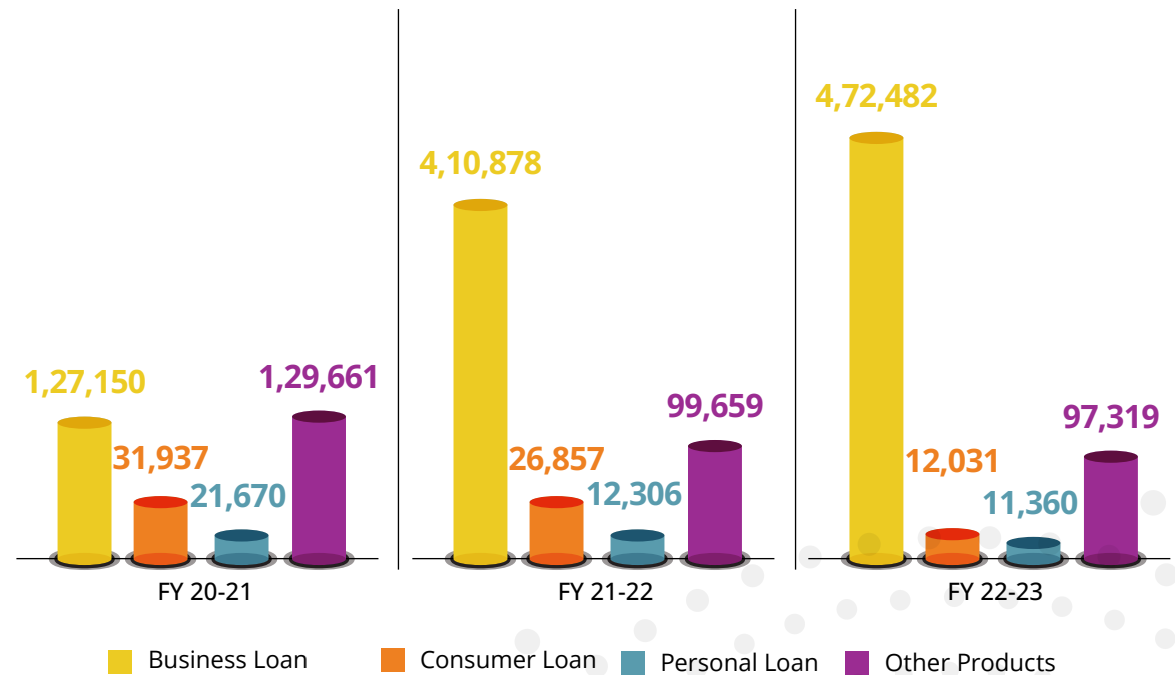
- As on 31st March 2023, Maharashtra is leading Business Loan and Personal Loan segment, while Uttar Pradesh leads in Consumer Loans.

Average Ticket Size

Average Ticket Size Trends, Rs.



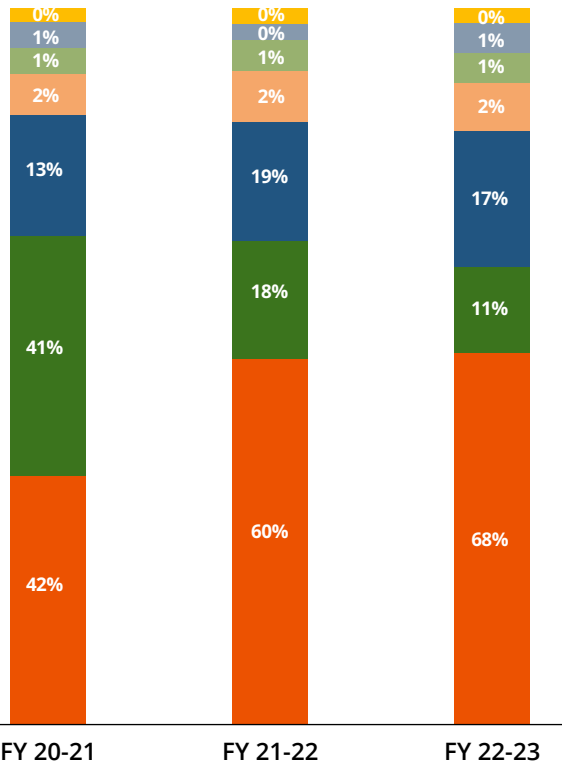
Average Ticket Size across Product Categories, Rs.



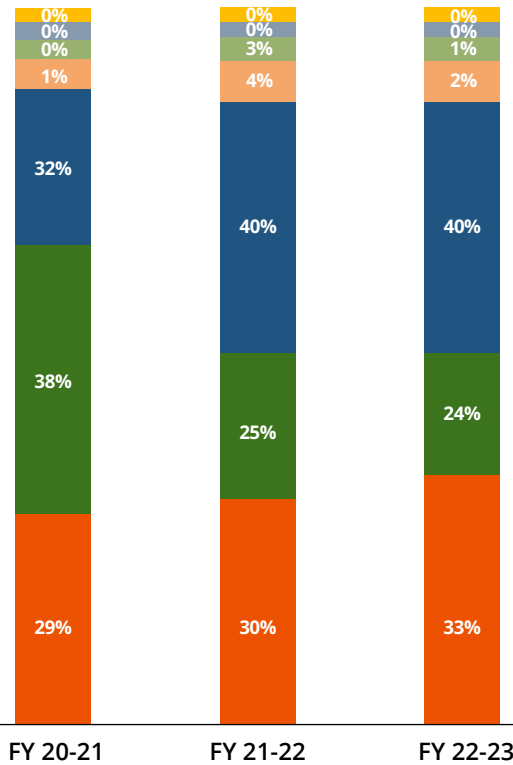
- The average ticket size of the Fintech industry declined by 19% in FY 22-23 from the previous FY 21-22, reaching Rs. 12,989. As on 31st March 2023, Maharashtra is leading Business Loan and Personal Loan segment, while Uttar Pradesh leads in Consumer Loans.
- Business Loans have witnessed 15% of growth from FY 21-22 to FY 22-23. FY 22-23, saw the average ticket size for consumer loans dropping by half from the previous FY 21-22.

Ticket Size

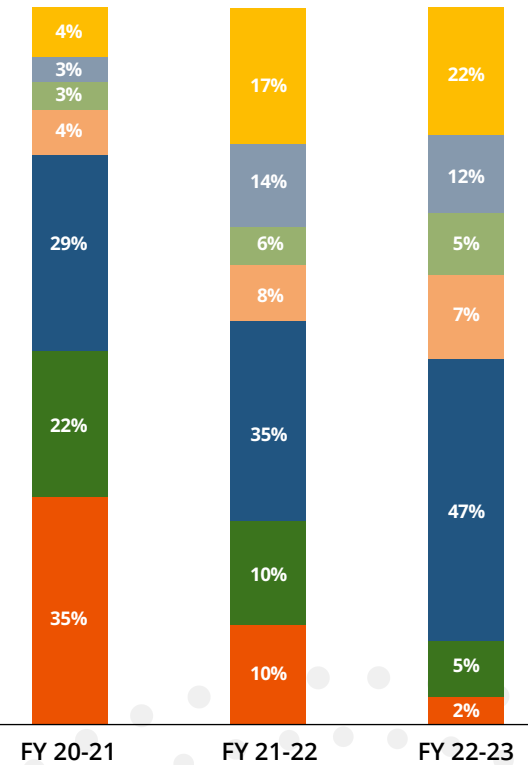
Personal Loan (by No. of Loans)



Consumer Loan (by No. of Loans)



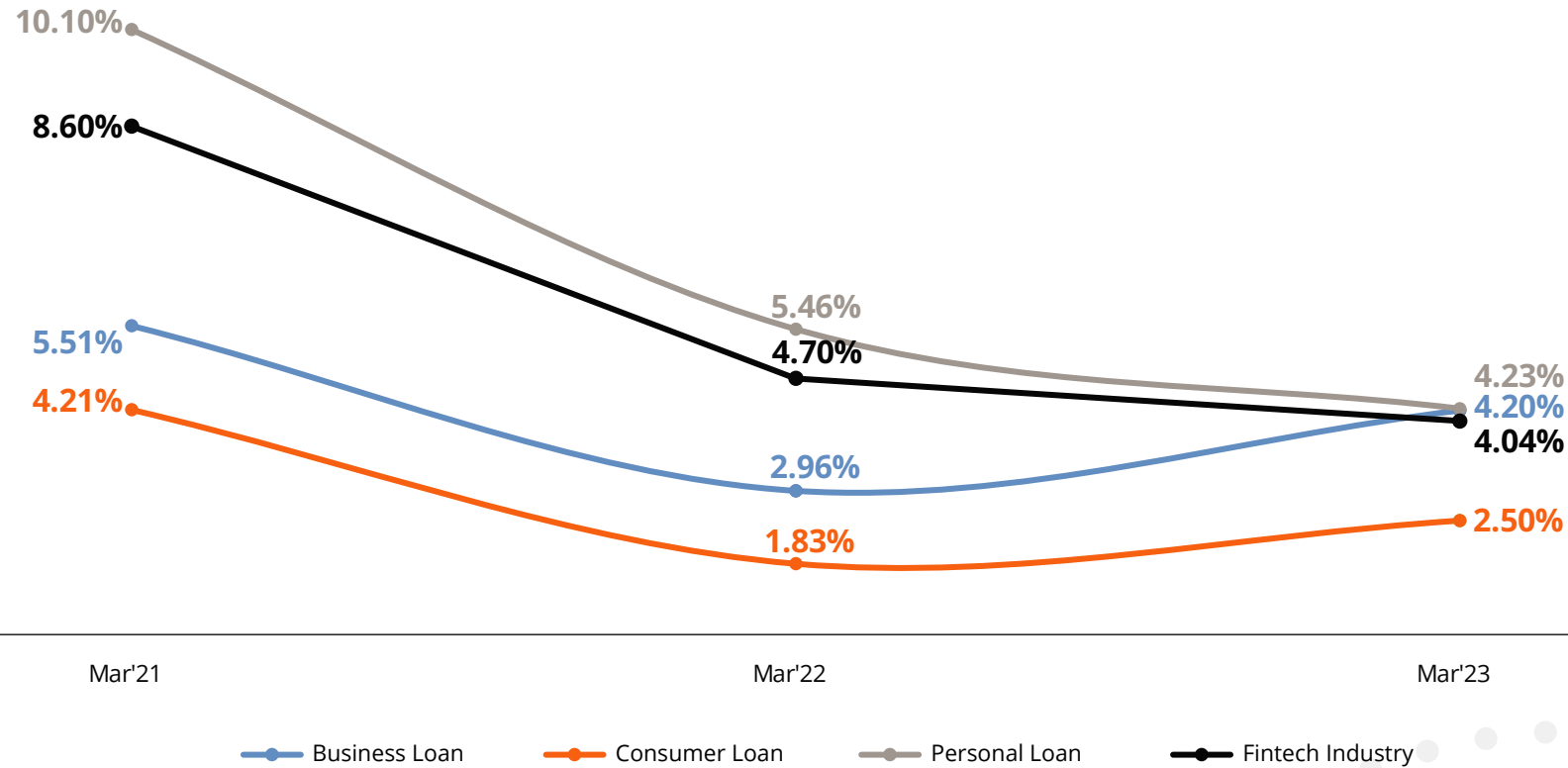
Business Loan (by No. of Loans)



■ <=5k
 ■ 5k-10k
 ■ 10k-50k
 ■ 50k-100k
 ■ 100k-200k
 ■ 200k-500k
 ■ 500k and Above

- Highest number of personal loans are disbursed in <=5k ticket size Category.
- In Consumer loan, highest number of loans are disbursed under 10k to 50k ticket size category during FY 22-23.
- In Business loans, 500k and above has 22% of market share in terms of no. of loan and 85% of market share in terms of disbursal amount.

90+ Delinquency



- 90+ delinquency of the Fintech industry has declined by 50 bps in March 2023 from March 2022. As on Mar'23, the performance of Personal loans is better than Business and Consumer loans.

About

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At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employees, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by more than 11,000 employees worldwide, Equifax operates or has investments in 25 countries in North America, Central and South America, Europe, and the Asia Pacific region.

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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

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