Beyond Borrowing: AI's New Language of Risk in India's Fintech Outlook

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Foreword by Manish Jain

Manish Jain

India's fintech ecosystem has moved from rapid innovation to purposeful scale. Over the past decade, fintechs have leveraged the country's pioneering digital public infrastructure - Aadhaar, UPI, Account Aggregators, and widespread digitisation, to build seamless, paperless financial journeys. In doing so, they have expanded credit access into deeper geographies and served segments that historically remained outside the boundaries of formal finance: new to credit consumers, gig economy earners, micro entrepreneurs, and millions engaging in high-frequency digital transactions.

As digital credit journeys become faster, more comprehensive, and deeply embedded in India's financial fabric, the industry now stands on the cusp of its next phase of growth. This next phase will be defined not by scale alone but by intelligence, where fintechs use their digital prowess to generate, access, and integrate vast sets of traditional and alternate data. The fusion of bureau data with consented, real time, structured and unstructured alternate datasets presents an unprecedented opportunity to build sharper, more adaptive risk signals.

These data ecosystems, when combined with advanced analytics and human expertise, enable lenders to design models that evolve continuously with market realities. Real time monitoring, early warning signals, and explainable AI frameworks will become essential to strengthening trust, enhancing portfolio resilience, and sustaining responsible credit expansion.

Regulatory developments, especially the Digital Personal Data Protection Act and RBI's digital lending guidelines, reinforce this shift. Data is now a regulated asset, and trust has become a measurable competitive advantage. Fintechs that embed consent, transparency, explainability, and governance at the core of their operating models will be best positioned to thrive in a more accountable digital economy.

In this context, the ability to unify data, intelligence, and execution across the credit lifecycle is mission critical. Experian's role in this evolution is anchored in enabling lenders to transition from fragmented risk assessment to unified risk intelligence. By integrating deep bureau insights with consent driven alternate data, advanced analytics, and AI powered decisioning platforms, we support the ecosystem in building inclusive, accurate, and agile risk frameworks. Experian's Ascend platform strengthens this shift, providing the sandbox, governance, experimentation, and continuous monitoring required to operate responsibly at scale.

This report, Beyond Borrowing: AI's New Language of Risk in India's Fintech Outlook, brings together data backed insights, emerging trends, and practical perspectives on how fintechs can scale sustainably in the era of AI. As the industry charts its next chapter, the collective opportunity lies not only in expanding access to credit but in reinforcing the pillars of trust, intelligence, and long term sustainability that will define India's financial future.

Manish Jain
Country Managing Director
Experian India

Foreword by IFF

Scaling Trust in the Era of AI-Driven Resilience

Sai Sudha

On behalf of India Fintech Foundation (IFF) and Unified Fintech Forum (UFF), I am pleased to introduce this landmark report co-created with Experian. This collaboration reflects a shared belief that the next phase of Fintech growth will be shaped by intelligence, trust, and responsibility embedded at scale.

India's Fintech ecosystem has reached a definitive milestone, evolving from a vibrant sector into a central pillar of our national economic plumbing. From real-time payments and digital lending to MSME enablement and first-time investors entering formal markets, Fintech underpins how economic participation now occurs at population scale. As one of the world's largest and fastest-growing Fintech markets, India's ecosystem will play a decisive role in advancing productivity, inclusion, and innovation on the path to Viksit Bharat 2047.

This evolution has been enabled by a forward-looking policy and regulatory environment. The Ministry of Finance, MeitY, and the Reserve Bank of India together have created one of the world's most effective Fintech-enabling frameworks. India's Digital Public Infrastructure—across identity, payments, data, and consent—has been designed for scale even at the experimental stage, making these solutions inherently suitable for global adoption beyond borders. A defining strength of this model is the architecture of responsibility.

A key insight of this research is the emergence of a "**New Language of Risk**." By training AI models on Indian realities rather than global assumptions, the ecosystem signals a growing maturity—one where inclusive, explainable, and context-aware risk intelligence defines the future of Indian Fintech. As AI enables lending to scale across Tier-2 to Tier-6 markets, consented alternate data will bring formal credit to the invisible borrower this decade. These shifts signal a sophisticated maturity in our ecosystem and will be the catalyst for a digitally empowered and inclusive nation.

We invite you to engage with these insights as we collectively build the Fintech Future of India.

Sai Sudha
CEO, India Fintech Foundation

Executive summary

India's Fintech ecosystem is entering a defining phase—one that goes beyond borrowing to fundamentally reshape how financial risk is understood, priced, and governed. What began as a payments led revolution has evolved into a sophisticated, AI enabled financial system anchored in strong Digital Public Infrastructure (DPI) and large scale digitised data sets. Together, these foundations have created the necessary platforms for more intelligent and inclusive credit decisioning.

Fintechs today play a central role in India's credit ecosystem, extending formal finance to new-to-credit individuals, MSMEs, and underserved regions. Digital onboarding, instant identity verification, and real time data flows allow lenders to move beyond static credit scores toward dynamic, behavior based risk assessment. Personal lending in India reflects this evolution most clearly. The digital personal loan market has transitioned from speed driven expansion to analytics led underwriting, where AI models integrate traditional bureau data with consented alternate data. The result is a more resilient lending ecosystem that aligns financial inclusion with long term viability.

Beyond lending, Fintechs are expanding their influence across payments and wealth management, transforming how Indians transact, save, and invest. Ubiquitous real time payments have become a gateway to deeper financial engagement, as Fintech platforms leverage transaction data to deliver tailored insights, embedded investment journeys, and low cost wealth management tools. AI driven personalisation and mobile first designs are democratising wealth creation, drawing first time investors into formal markets and encouraging long term financial planning.

Regulation plays a critical role in shaping this next phase. Enhanced oversight of digital lending by the Reserve Bank of India (RBI) has strengthened transparency and accountability across Fintech partnerships. Complementing this, the Digital Personal Data Protection (DPDP) Act has redefined personal data as a regulated asset rather than a free growth lever. Fintechs are now required to embed consent management, auditability, and data minimisation into their core architectures. Compliance is emerging not as a constraint but as a strategic enabler of trust.

Artificial Intelligence (AI) sits at the heart of this transformation. AI is improving underwriting accuracy, anomaly detection, operational efficiency, and customer experience, while also demanding higher standards of explainability and governance. As data access becomes more regulated, model transparency, bias mitigation, and lifecycle monitoring are becoming as important as predictive power. The increasing integration of alternate data within the more traditional financial decisioning channels is re-imagining credit intelligence in a country where credit histories remain limited. When used within strong consent and governance frameworks, alternate data enables more nuanced, inclusive, and adaptive models, forming the core of AI's new language of risk.

Overall, India's Fintech sector stands at a critical inflection point, where AI-powered risk intelligence, inclusive design and responsible data usage must move in tandem with wider financial inclusion. The true opportunity lies not only in sharper risk assessment but also in lowering barriers to entry, simplifying access to credit and affordable financial services and extending formal finance to underserved individuals, micro-entrepreneurs and MSMEs. By embedding transparency, fairness and customer-centricity, Fintechs can help build a future-ready financial ecosystem and advance India's journey towards becoming a digitally empowered and inclusive nation by 2047.

Chapter 1

The Growing Influence of Fintechs in India's Credit Ecosystem

"Thanks to the efforts of India's fintech community, our Swadeshi solutions are gaining global relevance."

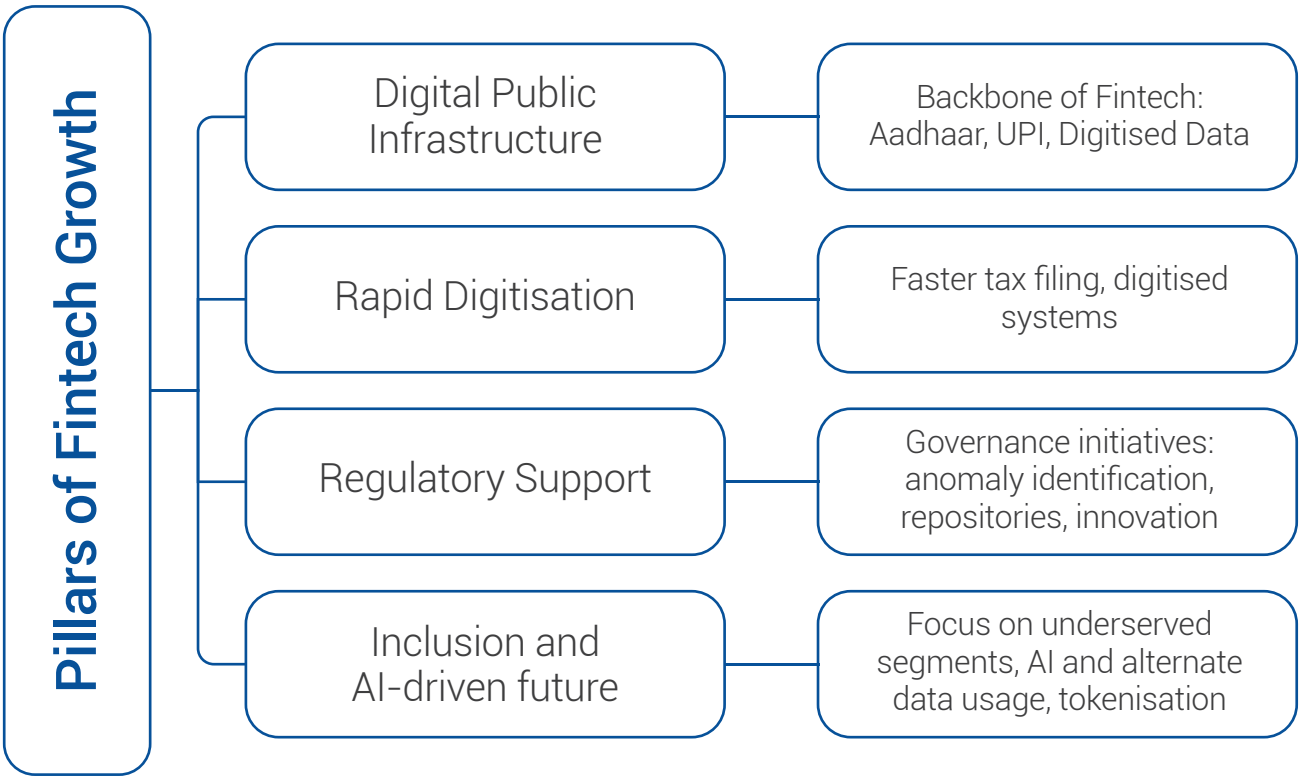
-PM Modi in his keynote address at Global Fintech Fest '25

"India's fintech revolution has entered a new phase where responsible use of data will be the key to deepening inclusion and driving sustainable growth."

-Sanjay Malhotra, Governor of RBI in his keynote address at Global Fintech Fest '25

India's Fintech landscape has grown rapidly in the last decade, driven by strong digital public infrastructure (DPI), a booming payments ecosystem and proactive regulatory engagement. Powered by these foundational pillars that collectively enable scale, innovation and inclusion, India is well positioned towards becoming one of the world's most dynamic digital financial ecosystems.

Chart 1: Pillars of Fintech Growth



1. **Digital Public Infrastructure (DPI)**

   DPI forms the backbone of India's fintech success, built on three integrated layers—Aadhaar for identity, UPI for payments, and digitised government and financial datasets for secure information exchange. These layers remove access barriers, enable instant onboarding, and support billions of real-time transactions, with UPI alone facilitating nearly 20 billion transactions monthly, accounting for almost half of global real-time payments.

2. **Rapid Digitisation**

   Government systems and financial services have undergone deep digitisation, transforming service delivery. For example, with most income data digitised, filing an income tax return can now be completed in just a few minutes, showcasing the efficiency and user-centric design of India's digital environment. This pace of digitisation creates a rich data layer that Fintechs can leverage for credit models, risk detection, and customised financial products.

3. **Regulatory Support**

   The Reserve Bank of India (RBI) plays a central role in shaping a stable yet innovative fintech landscape. Through nearly 500 structured engagements with Fintechs in FY 2024–25, the RBI has demonstrated a proactive approach to governance. Initiatives such as fintech repositories, dedicated internet domains, and upcoming digital payments intelligence platforms underscore the regulator's commitment to balancing innovation with consumer protection.

4. **Inclusion and an AI-Driven Future**

   Fintech in India is increasingly oriented toward broad-based inclusion, with policymakers urging companies to expand access to underserved regions and design intuitive products for users with low digital literacy. At the same time, the sector is entering a future shaped by AI-backed growth initiatives, asset tokenisation, and inter-operable data ecosystems, which are being recognised globally as pivotal for ultra-fast, secure digital finance.

1.1 How Fintechs Have Transformed India's Financial Ecosystem

India's Fintech revolution has re-defined the contours of the financial ecosystem across payments, lending, insurance and wealth creation over the past decade and emerged as one of the most dynamic sectors in the country's economy. Fueled by strong DPI, rapid digitisation, favorable regulations and widespread smartphone adoption, Fintechs have moved the country from fragmented, paper-driven transactions to real-time, AI-enabled financial services at population scale. This transformation has not only expanded access to financial services across socio-economic strata but also accelerated financial inclusion, reduced cost, and boosted economic participation among under-served populations.

Chart 2: Fintech as an Engine of Financial Inclusion and Economic Empowerment

Expanding Access to Formal Credit At Scale

- Bridged long-standing structural gaps in Indian credit ecosystem by enabling lenders to adopt dynamic, behaviour-based credit decisioning models powered by consented digital data
- Extend finance to first-time borrowers, MSMEs and underserved regions

Fueling India's Digital Payments Boom

- Fintech apps have enabled tap-to-pay, merchant payments and peer-to-peer (P2P) transfers at scale
- Fintech-led QR penetration has helped digitise payments for small kirana stores, street vendors and rural entrepreneurs

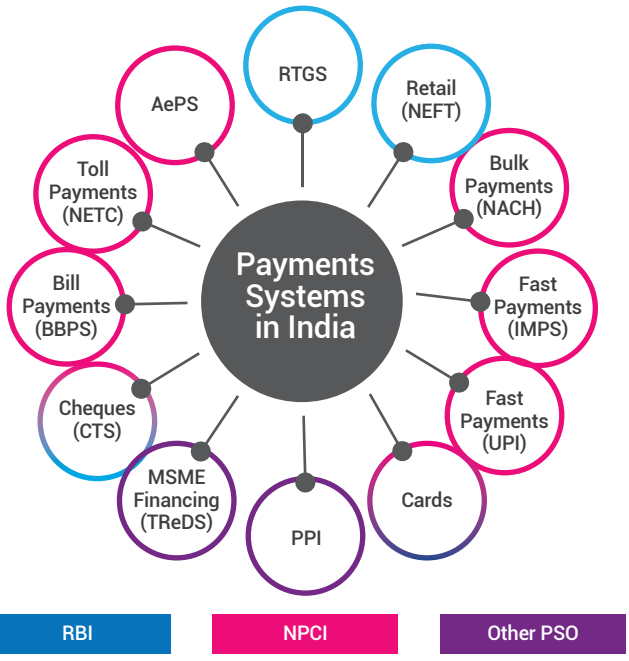
Democratising Wealth Creation for First-time Investors

- Simplified access and lowers entry barriers through fractional investing and low-ticket investment options in mutual funds, digital gold, bonds, ETFs and micro-investment products
- Promotes financial literacy through app-based education and guided investment tools which enables expansion beyond metro cities

Strengthening Trust, Governance and Responsible Finance

- Fintechs have embedded privacy and consent frameworks to create secure digital infrastructure which strengthens risk management and cyber resilience
- Promotes transparent pricing, responsible lending, ethical AI usage and builds long-term consumer trust in digital financial ecosystems

1.1.1 Digital Payments: The Core of India's Fintech Revolution



Source: RBI Payment Systems Report December 2024

One of the most significant Fintech transformations in India has been in digital payments, largely powered by the Unified Payments Interface (UPI)—a real-time payment system launched by the National Payments Corporation of India (NPCI). UPI allows instant bank transfers using mobile phones, eliminating the need for complex bank details. Its ease and interoperability across multiple apps have made it a cornerstone of India's digital financial infrastructure.

Fintech firms have innovated relentlessly on top of UPI rails. For instance:

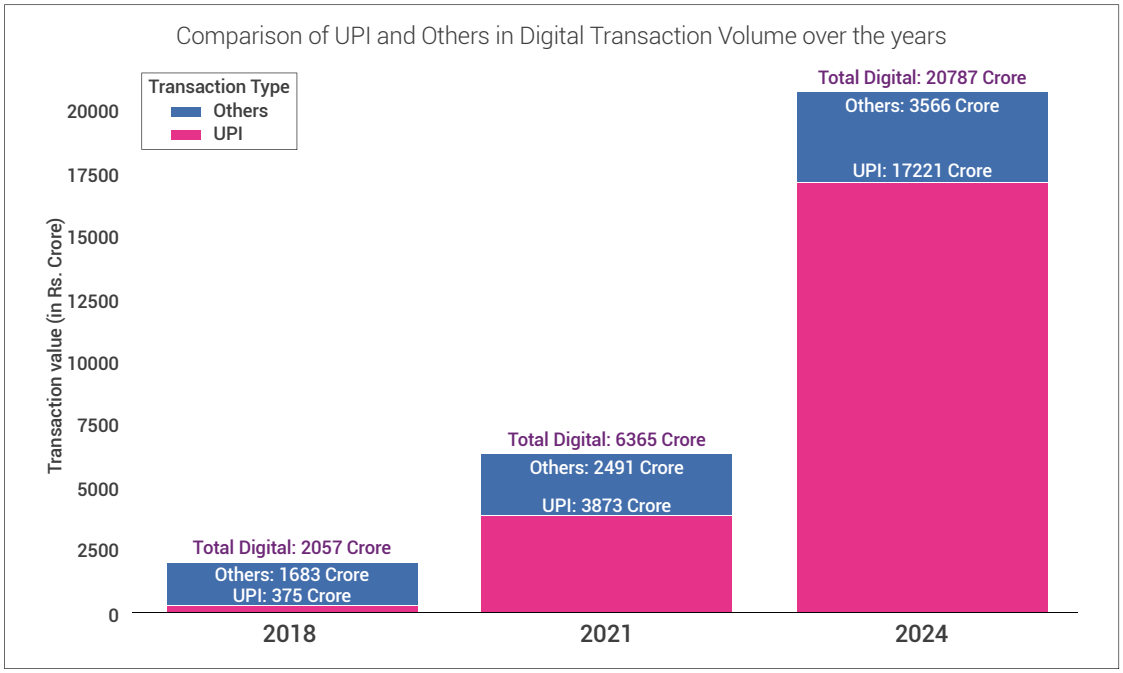
- A dominating platform provider for UPI transactions, has expanded into bill payments, banking deposit products, investments, and insurance—creating an "all-in-one" financial app used by millions.
- A Fintech pioneer in mobile wallets, now also offers payments, loans, insurance, and wealth products. Recently, it posted a profitable quarter as its financial and payments services strengthened.
- Another leading Fintech reported its third consecutive quarterly profit, driven by growing merchant adoption of digital payments infrastructure.

These platforms have helped transition India from cash-dominant transactions to a largely digital economy, especially in small towns and among small merchants.

"Digital Payments in India have grown exponentially in the last decade. While in CY-2013 there were 222 crore digital transactions valued at ₹772 lakh crore, it has increased 94 times in volume and more than 3.5 times in value to over 20,787 crore transactions valued at ₹2,758 lakh crore in CY-2024. In the last five years alone, digital payments in India have increased 6.7 times in volume and 1.6 times in value. This amounts to a five-year CAGR of 45.9% in terms of digital payments volume and 10.2% in terms of digital payments value."

-RBI Payments Systems Report December 2024

Chart 3: Comparison of UPI and Others in Digital Transaction Volume over the years



Source: RBI Payments Systems Report December 2024

India's digital payments ecosystem has undergone a structural transformation over the past decade, with UPI emerging as the central pillar of transaction growth. UPI transaction value has been rising exponentially from just ₹375 crore in 2018 to ₹17,221 crore in 2024, accounting for over 80% of total digital transaction value, indicating a clear structural shift from multi-channel digitisation to a UPI-dominated payment architecture.

This evolution positions UPI not merely as a payment instrument but as foundational digital public infrastructure, enabling financial inclusion, MSME formalisation, platform-based innovation, and scalable delivery of financial services. The trajectory underscores India's transition towards deep financial digitalisation, aligning with the national vision of inclusive growth, economic formalisation, and sustainable development under the Digital India and Viksit Bharat 2047 frameworks.

1.1.2 Digital Lending: Faster and Inclusive Credit Access

Traditional retail lending has historically been constrained by extensive paperwork, slower manual approval processes, and long verification cycles. These frictions not only delayed credit decisions but also limited credit access to first-time borrowers, small ticket size customers and micro-entrepreneurs who lack formal income proofs or rich credit histories. Fintechs are rapidly re-shaping these barriers through state of the art digital-first and largely analytics-driven lending platforms that automate credit assessment, accelerate approvals, and extend credit to underserved segments while also offering superior customer experience journeys.

India's digital lending market has expanded at an unprecedented pace— growing nearly 25 times over the past decade, reflecting the rising demand for short-term personal credit and the mainstream adoption of mobile based borrowing channels. This surge is driven by several structural forces:-term personal credit and the mainstream adoption of mobile-based borrowing channels.

- The ubiquity of smartphones and low-cost mobile data
- Digitised identity rails such as Aadhaar and e-KYC
- UPI-led real-time payment capabilities
- The rise of digitally savvy young borrowers
- Increased acceptance of app-based credit among small merchants and gig workers

Together, these foundations have created a fertile environment for scalable, AI-driven lending models to emerge. Fintech lenders have re-constructed the lending workflow— from onboarding to underwriting to disbursement— using automation, real-time data, and behavioral analytics. This represents a clear departure from bank-led processes that still rely to varying degrees, on branch visits and physical verification. time data, and

Chart 4: Improved Lending Workflow used by Fintechs

Digital lending has not only captured consumer demand— it has also attracted strong investor confidence. This investor enthusiasm is anchored in:

- Scalable unit economics enabled by automation
- High-frequency repeat usage, especially for small-ticket products
- Strong demand from NTC and credit-thin segments
- Large untapped MSME lending potential
- Partnerships between banks and Fintechs to expand customer reach

Credit-tech innovations are moving beyond experimentation into mainstream financial infrastructure—with regulators, lenders, and investors collectively shaping their growth trajectory.

Perhaps the most transformative contribution of digital lending lies in its role in broadening financial inclusion. Fintech platforms have enabled credit access for segments historically sidelined by traditional banking.

✓ Millions of young earners and first-time borrowers have been able to access credit due to enhanced borrower risk assessment profiling incorporated in Fintech lending processes.

✓ Delivery agents, drivers, freelancers, and self-employed professionals—who often experience income volatility— benefit from flexible repayment structures and instant small-ticket loans that do not require rigid documentation.

✓ Digital credit platforms extend working capital loans, merchant cash advances, and invoice-based financing to small businesses that lack collateral or formal financial statements. By using GST data, transaction flows, and UPI histories, Fintechs are enabling sustainable growth for MSMEs and strengthening the broader economy.

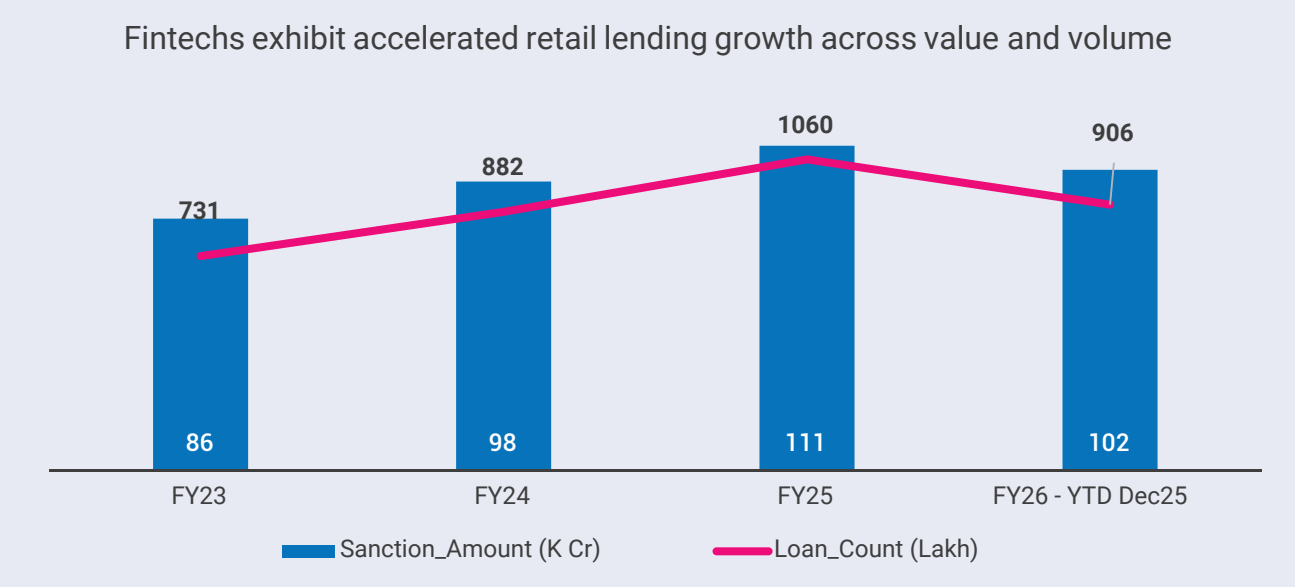
✓ Fintech underwriting expands access for individuals who may be creditworthy but fail to meet traditional lending thresholds. This includes first-job or lower salary earners, students, homemakers, and micro-retailers.

The digital lending ecosystem has therefore helped mainstream millions of previously invisible borrowers, contributing to credit democratisation.

As digital lending scales, the ecosystem is undergoing a governance shift reinforced by the RBI's Digital Lending Guidelines and data protection principles. Fintechs are increasingly integrating consent-based data access mechanisms, transparent disclosure practices, secure data handling aligned with DPDP principles, human oversight for AI-led credit decisions and role clarity across lenders, service providers, and partners. These developments ensure that inclusion and innovation move in tandem with risk controls and consumer protection—making digital lending more sustainable and trustworthy.

Digital lending is poised to remain the fastest-growing segment within India's retail credit landscape.

Chart 5: Growth of Retail Lending Sourced by Fintechs



Fintechs have demonstrated rapid growth by sourcing volume, both in terms of count of borrowers onboarded (sustained yearly growth of more than 15% for the last 3 financial years) as well as by sanction amount (a staggering 52% growth from FY23 to FY26), as seen in the above chart.

1.1.3 InsurTech & WealthTech: Simplifying Complex Financial Products

Fintech expansion into insurance (InsurTech) and wealth management (WealthTech) has made financial products more accessible, transparent and user-friendly for millions of customers. These sectors have transformed how consumers discover, compare, purchase and manage insurance and investment products by leveraging digital-first platforms, intuitive application interfaces and data driven personalisation.

India's InsurTech landscape has removed long-standing barriers associated with insurance such as information asymmetry, cumbersome documentation and mis-selling through digitised journeys and comparison-led decision-making. Insurance distribution, offered through Fintechs like PolicyBazaar and Acko, has been largely transformed in recent years by enabling customers to:

- Compare premiums, benefits, exclusions and claim ratios across entities offering such products
- Purchase policies instantly through fully digital onboarding
- Access advisory services offered through commonly available customer support options like call center helplines and chat assistance
- Manage renewals, claims assistance and documentation digitally

InsurTechs have helped widen adoption of term life and health insurance among first-time buyers and expanded reach into Tier-2 and Tier-3 cities via mobile-first journeys. The net result has been a more confident, better-informed consumer base making voluntary research-led decisions.

WealthTech platforms have fundamentally redefined how Indians save, invest, and build wealth. Traditionally, investing in mutual funds, equities or bonds required paper-heavy processes, in person KYC, physical signatures, and broker interventions —all of which discouraged retail participation. Platforms like Groww, Zerodha, and Upstox have democratised wealth creation by offering:

- Intuitive mobile apps with simplified interfaces
- Online KYC and instant account activation
- Zero commission mutual fund investing
- Fractional investing and low minimum SIP values
- Educational content, explainers, and community-led guidance

WealthTech platforms have brought millons of first-time, small value investors into the market and vastly popularised wealth management in India by reducing dependency on physical broking channels and other advisory bodies.

This shift aligns with India's broader trend towards digital-first financial empowerment, where investing is no longer limited to affluent urban consumers.

1.1.4 Neobanks & Embedded Finance: Redefining Banking Experiences

Neobanks, digital-only banking platforms without physical branches, are expanding choice and accessibility. They partner with banks under license to offer savings accounts, payments, and credit products through sleek digital interfaces. Companies such as Fi, Jupiter, Niyo, and Razorpay exemplify this trend, targeting millennials and small businesses with low costs and customised services.

Additionally, "embedded finance"— where financial services are integrated into non-financial platforms —is growing. Examples include commerce sites enabling payments, credit, or insurance without redirecting users to traditional bank apps.

Looking ahead, **Fintech innovation in India is embracing AI for smarter underwriting, anomaly detection, personalised recommendations and automated customer service**. Industry forecasts predict large-scale adoption of intelligent systems across fintech workflows. Fintechs are also exploring cross-border payments and global expansion. Pilot projects like AI-enabled UPI payments through ChatGPT hint at future use cases that blend conversational AI with secure financial transactions.

Chapter 2

The New Age of Retail Lending: Insights into India's Fintech Acceleration

India's retail lending landscape is undergoing a structural transformation driven by the strong growth of Fintechs catering to rapidly changing consumer behaviour and the widespread adoption of digital public infrastructure. The ecosystem has evolved into a digitally powered, analytics-driven credit marketplace where speed, transparency and inclusion define competitive advantage. At the heart of this lies a fundamental shift in how lenders understand and assess risk.

Over the past decade, digital lending has not only grown at an unprecedented scale but has also fundamentally altered consumer expectations. Borrowers today—especially young, digitally savvy customers— seek instant approvals, seamless onboarding, and flexible products tailored to their needs. Fintech lenders have responded by reconstructing the lending workflow end-to-end, harnessing real time data, behavioural analytics and automated decisioning to expand the reach of formal credit across underserved and new-to-credit segments.

2.1 Overall Unsecured Lending Market Overview (New Loan Sourcing)

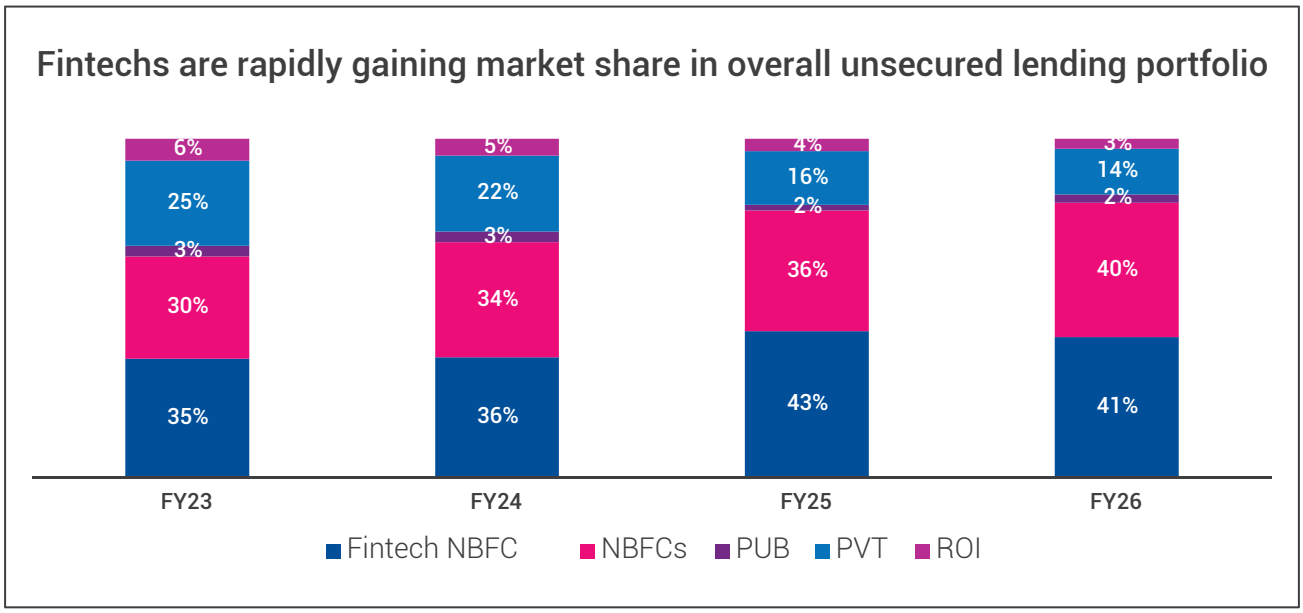
Chart 6: New Loan Sourcing Trend by Volume and Value

Product	FY23		FY24		FY25		FY26 (YTD upto Dec25)	
	Count of Loans (in Lakhs)	Sourcing Amount (in Rs Lakh Crs)	Count of Loans (in Lakhs)	Sourcing Amount (in Rs Lakh Crs)	Count of Loans (in Lakhs)	Sourcing Amount (in Rs Lakh Crs)	Count of Loans (in Lakhs)	Sourcing Amount (in Rs Lakh Crs)
Personal Loan	1,119	7.9	1,367	9.0	1,400	8.3	1,210	8.3
Credit Card	291	2.6	286	3.0	215	2.5	133	1.8
Consumer Loan	584	1.2	636	1.5	715	1.6	678	1.4
Business Loan - Unsecured	24	0.6	34	0.8	45	1.1	60	1.2
Two-Wheeler Loan	95	0.8	108	1.0	113	1.0	93	0.9
Education Loan	5	0.7	5	0.8	7	0.8	8	0.7
Total	**2,119**	**13.7**	**2,436**	**16.0**	**2,494**	**15.4**	**2,182**	**14.3**

India's unsecured sourcing rebounded strongly in FY26 (Q1–Q3), with **loan count growth by ~16%** and **sanction amounts up by ~29%** versus FY25, reversing last year's softness in sanctions— particularly in Personal Loans and Credit Cards— amid portfolio quality recalibrations.

Growing Market Share (by sourcing volume) of Fintechs in the Lending Portfolio

Chart 7: Market Share by Lender Categories for New Loan Sourcing Volumes



Distribution basis age and gender on new loan sourcing

Chart 8: Age Distribution on Sourcing Volumes (Data from FY22 to FY26 YTD)

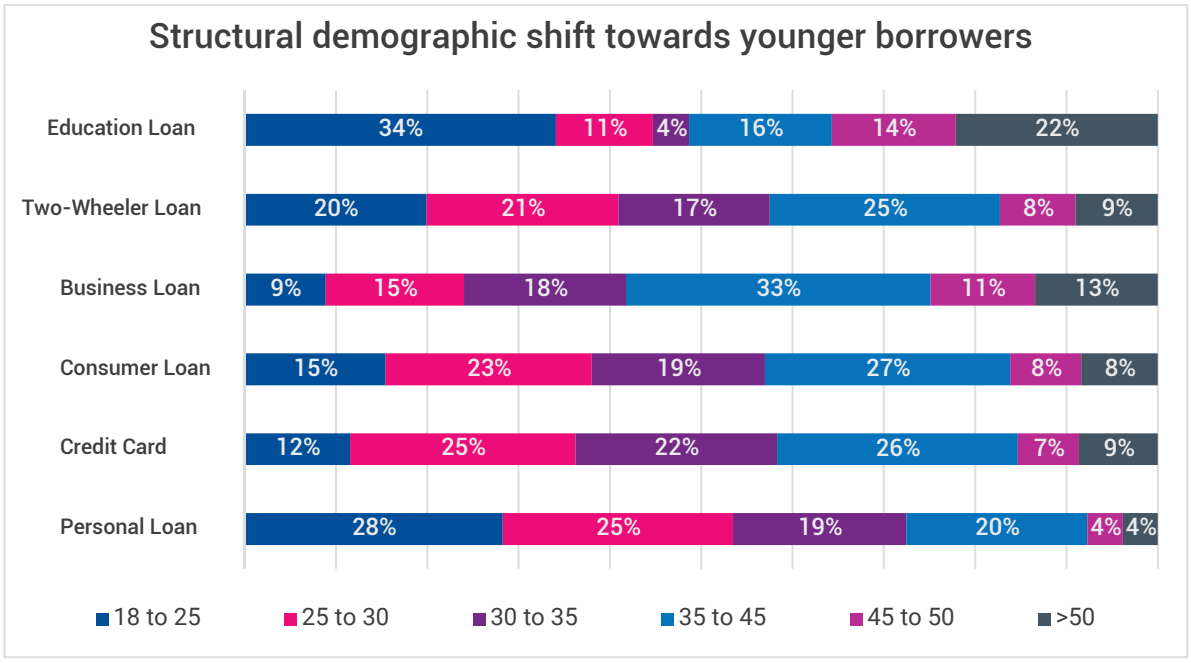
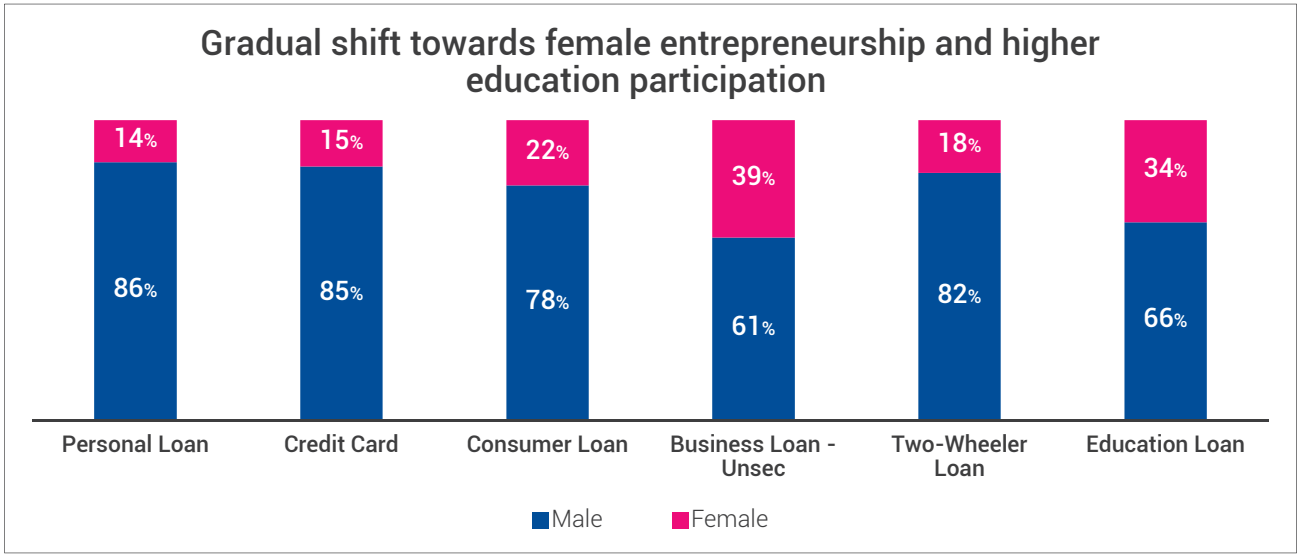


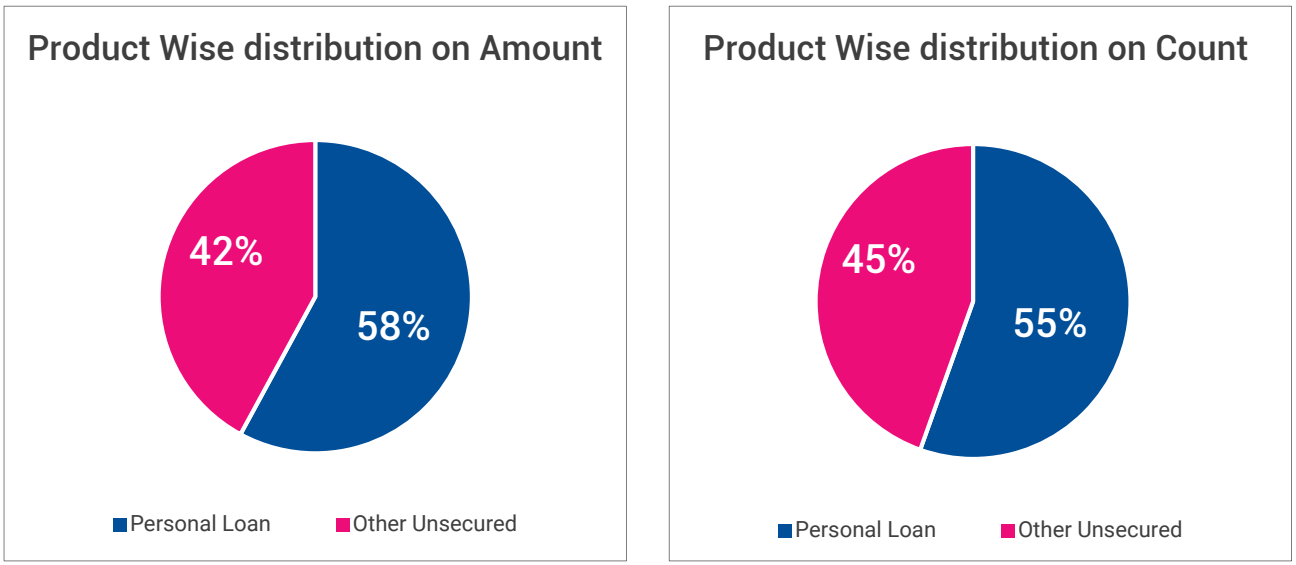
Chart 9: Gender Distribution on Sourcing Volumes (Data from FY22 to FY26 YTD)



2.2 Dominance of Personal Loans in Overall Unsecured Lending

**Data considered for sanction volumes from Apr25 to Dec25 (FY26 YTD)

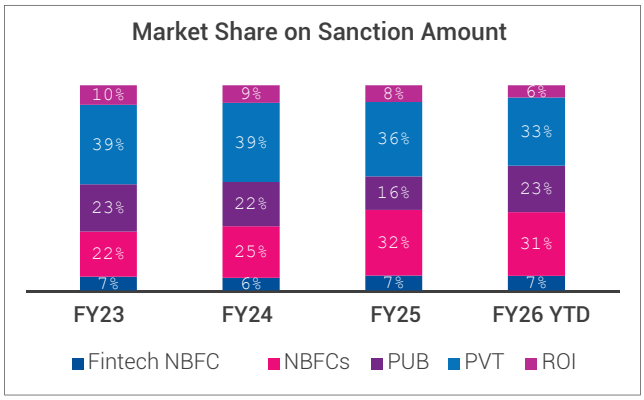
Chart 10: Personal loan share in overall unsecured lending by value and volume

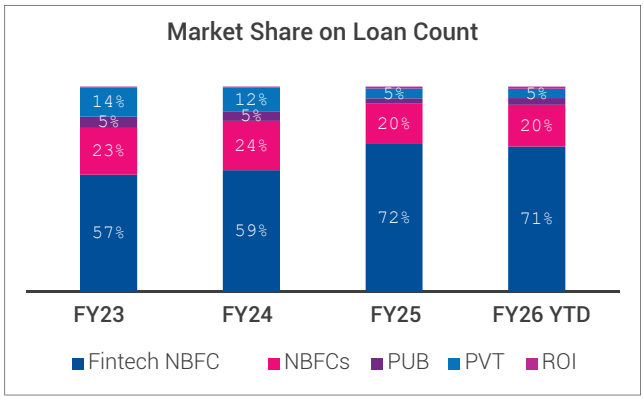


Personal Loans continue to form the largest share of India's unsecured lending portfolio (majorly including credit cards, consumer loans, small ticket business loans and two-wheeler loans), both in terms of volume and value. This dominance reflects both strong demand from digitally savvy retail borrowers and the scalability of analytics driven underwriting models adopted by lenders and Fintech NBFCs. With seamless digital onboarding, faster approval cycles, and flexible product constructs, Personal Loans remain the preferred credit product across age groups and income segments.

Market Share Distribution across lender categories in Personal Loan

Chart 11: Market Share across lender categories for Personal Loans basis value and volume

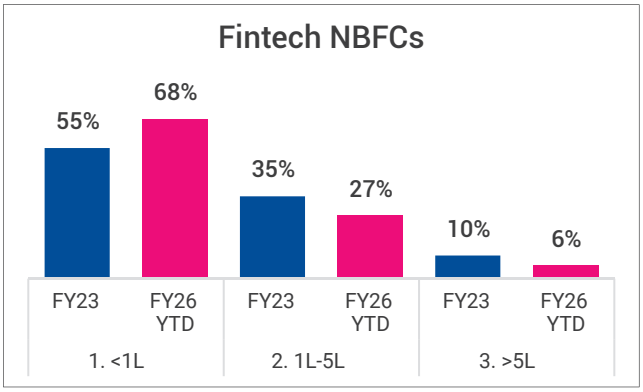


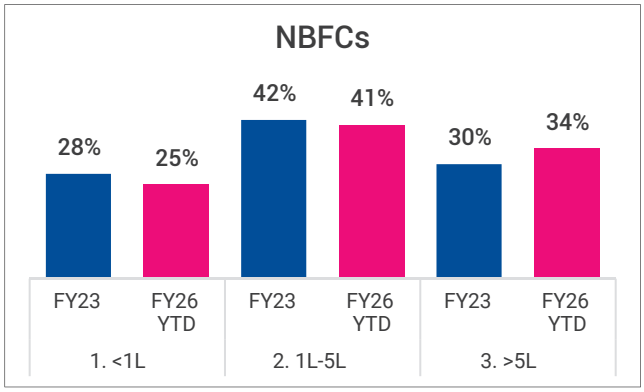


There is a marked shift towards digital-first lenders in the personal loan market as observed by the growing presence of Fintechs and traditional NBFCs. Fintechs continue to dominate in the lower-ticket size bands while traditional NBFCs are slowly moving towards higher-ticket size lending for personal loans suggesting a divergence of expansion strategies by the leading players in the market.

Ticket Size distribution on Sanction Amount Across Lender Categories

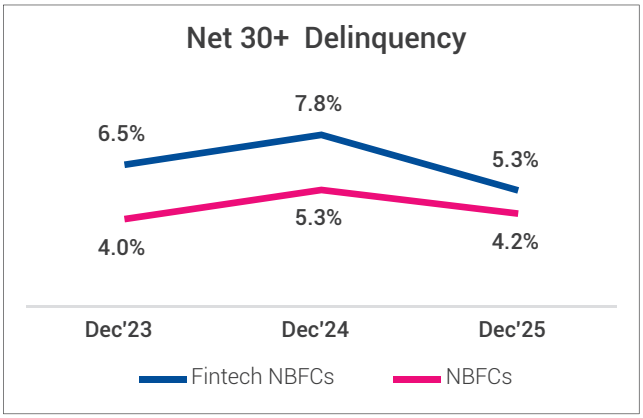
Chart 12: Growth comparison by ticket size for Fintechs and traditional NBFCs

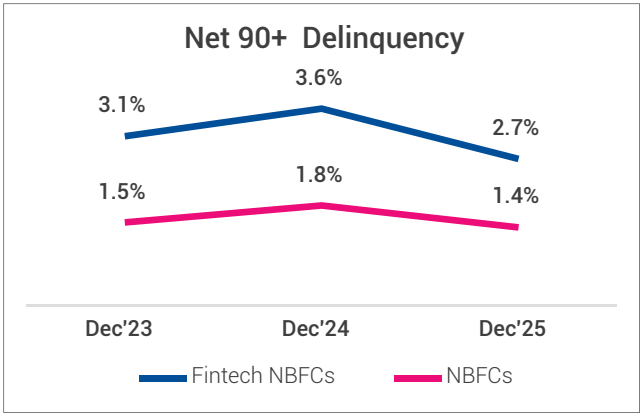




Personal Loan Portfolio Delinquency is improving both for Fintechs and NBFCs indicating healthy credit growth

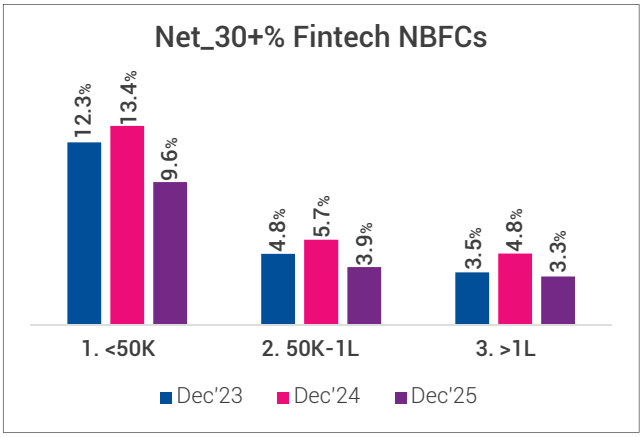
Chart 13: Portfolio Delinquency for Personal Loans

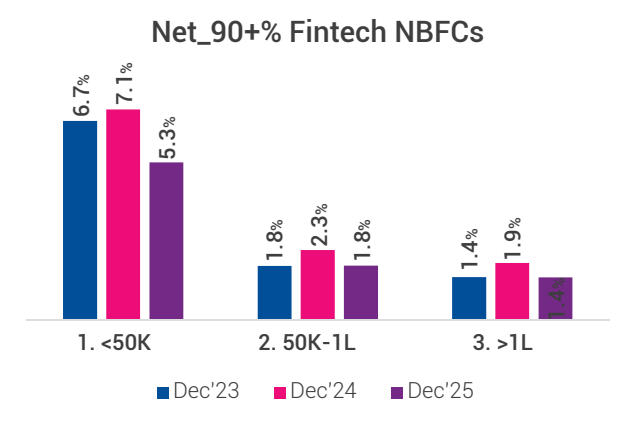




Personal loan delinquency improving across ticket size bands for Fintech NBFCs

Chart 14: Ticket-size wise Delinquency for Personal Loans for Fintech NBFCs





Chapter 3

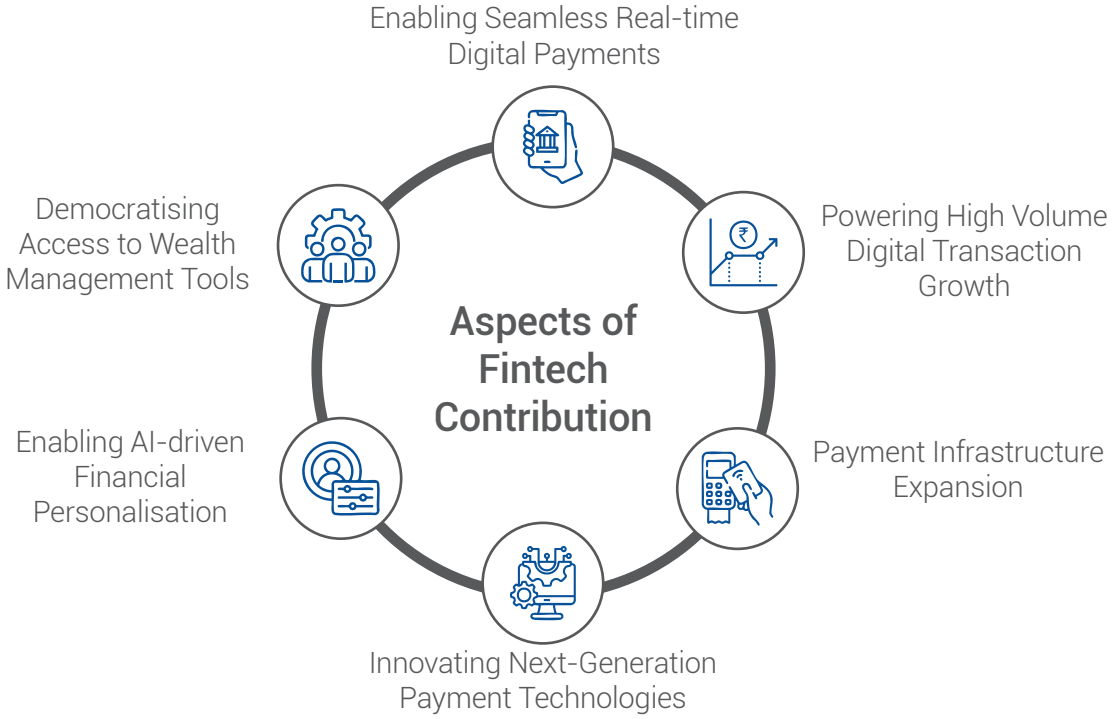
Fintech's Expanding Role in Payments and Wealth Management

India's Fintech sector has rapidly evolved from a payments first revolution into a multilayered financial ecosystem that increasingly shapes how people transact, save, invest, and build long-term financial security. The country's Digital Public Infrastructure—anchored by Aadhaar, UPI, and largescale digitised datasets—has created a fertile foundation for fintech innovation, enabling seamless payments and democratised access to financial tools. As digital payments scale to unprecedented volumes, new fintech models are emerging to serve wealth creation needs for both retail and institutional investors. WealthTech platforms are expanding financial inclusion by providing low-cost advisory, automated investment management, and real-time portfolio tools to millions of Indians, many of whom are entering formal financial markets for the first time. Meanwhile, the convergence of payments and wealth management—powered by mobile-first journeys, embedded finance, and AI-driven personalisation—is reshaping customer experiences and pushing traditional financial institutions to modernise.

This chapter explores how Fintechs have become an essential pillar of India's digital economy, driving exponential growth in payments while catalysing new investment behavioral patterns, enabling broader participation in wealth creation, and contributing to a more resilient and efficient financial system.

3.1 Aspects of Fintech Contribution

Chart 15: Aspects of Fintech Contribution in Payments and Wealth Management



Fintechs in India are re-shaping both how people pay as well as how they build wealth. At the core, Fintechs act as enablers of efficiency, inclusion and innovation, supported by interconnected advancements across payments, infrastructure, personalised and wealth access.

Enabling Seamless Real-time Digital Payments: Fintechs have played a pivotal role in enabling instant, secure and frictionless digital payments in India – most prominently through UPI (Unified Payments Interface). UPI has revolutionised peer-to-peer and merchant payments by enabling real-time fund transfers at scale, significantly reducing reliance on cash and traditional payment channels. QR-code based payments and mobile-first payment solutions have further enhanced ease of use and adoption across urban and rural markets.

Powering High-Volume Digital Transaction Growth: India's Fintech ecosystem has successfully supported exponential growth in digital transaction volumes, particularly during high-demand periods like festivals and sales events. In H1 2025, digital payments contributed a staggering 99.8% of all transaction volume and 97.7% of transaction value, as per data released by RBI. Scalable fintech platforms and cloud-native architecture have enabled the ecosystem to process billions of UPI transactions monthly, ensuring high availability, speed and resilience even at peak loads.

Payment Infrastructure Expansion: Fintechs have accelerated the expansion of India's digital payments infrastructure by extending services to underserved and previously unbanked populations. Initiatives like Jan-Dhan-Aadhaar-Mobile (JAM) trinity, Aadhar-enabled Payment Systems (AePS) and widespread merchant QR deployment, including offline payments through UPI Lite have strengthened last-mile financial connectivity. These frameworks have simplified onboarding through electronic KYC (e-KYC) and enabled account linkage with mobile numbers and Aadhaar, vastly broadening financial inclusion. Fintech-led innovations have enabled small merchants, micro-entrepreneurs and rural consumers to participate in the formal financial system.

Innovating Next-Generation Payment Technologies: Indian Fintech firms have played an important role in introducing next-generation payment technologies aimed at improving security, efficiency and user experience. The implementation of card tokenisation, in-line with regulatory directions, has enhanced the security of digital transactions by reducing exposure to sensitive customer data. Further innovations such as contactless and tap-to-pay solutions (like NFC-based Tap-to-Pay), embedded payment integrations and contextual payment experiences within digital commerce platforms (offered commonly by Razorpay and Cashfree) reflect the evolving nature of payment systems. The growth of digital lending, Buy-Now-Pay-Later (BNPL) schemes and integration of platforms like Open Network for Digital Commerce (ONDC) has enabled seamless payments within e-commerce ecosystems and opened new avenues beyond traditional banking channels.

Enabling AI-driven Financial Personalisation: Increasing use of Artificial Intelligence (AI) in Indian Fintech space is transforming financial personalisation – from tailored credit scoring to smart spending insights. AI leverages alternate data, helping new-to-credit (NTC) users access products such as micro-loans and personalised portfolios without traditional credit history barriers. Initiatives like multi-lingual AI systems for fintech platforms further reduce access barriers across India's language diversity, improving engagement and inclusion.

Democratising Access to Wealth Management Tools: Fintech has lowered entry barriers to wealth creation by making investment and wealth management tools affordable and accessible to a broader population. Digital platforms now offer simplified onboarding, low-cost investment options and user-friendly interfaces, empowering individuals to participate in personal wealth-building activities that were once limited to a select segment. Online mutual fund platforms, micro-investment tools and application-based stock trading platforms have enabled retail participation across geographies and income categories. SEBI's initiatives towards digital KYC and investor protection have further strengthened trust and widespread adoption of digital wealth management.

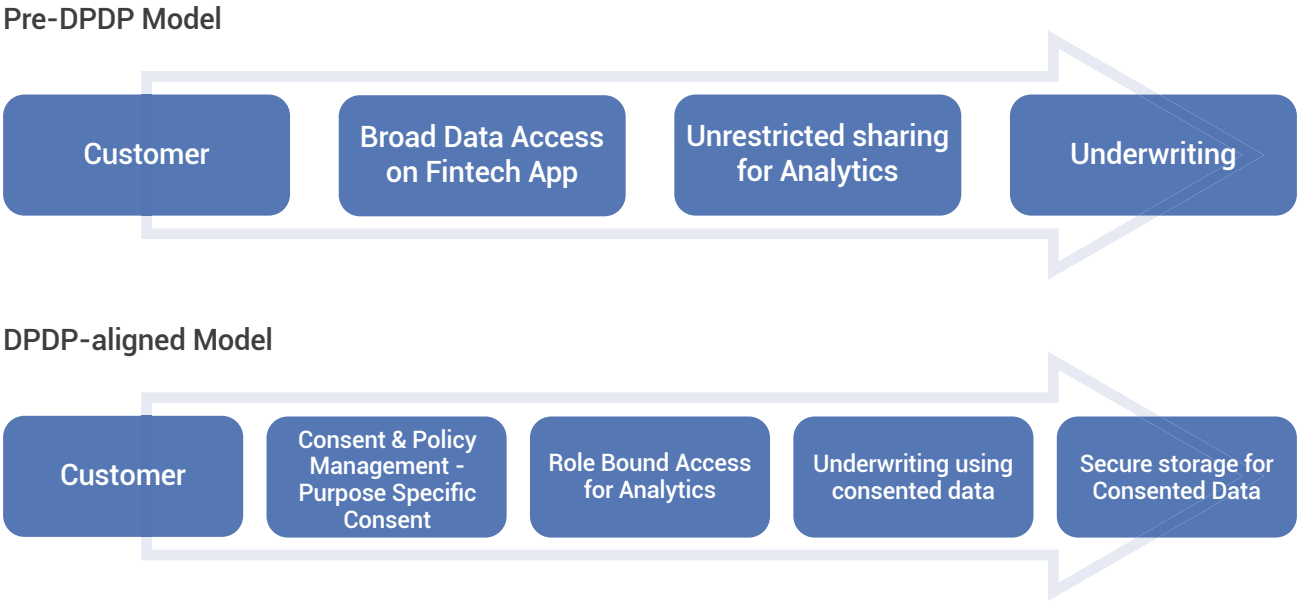
Chapter 4

Data, Compliance & Trust: The Influence of DPDP Act on Fintech Business Strategies

The Digital Personal Data Protection (DPDP) Act marks a structural shift in how Fintechs conceive, collect, and monetise data. Moving beyond a compliance checklist, the Act redefines personal data as a regulated asset—placing explicit boundaries on consent, purpose limitation, and retention. For fintech lenders and payment platforms that historically relied on broad data access for underwriting, growth, and cross-sell, DPDP necessitates a transition from data-abundant experimentation to data-intentional design. Business strategies are increasingly shaped not by how much data can be accessed, but by how well it aligns with a clearly articulated and consented use case.

Compliance under DPDP also alters fintech operating models at a foundational level. Product flows now need embedded consent orchestration, auditability, and role clarity across data fiduciaries and processors—particularly in multi-party ecosystems involving banks, NBFCs, and lending service providers. This pushes Fintechs to invest in modular architectures where data access, processing, and storage are separable and defensible. As regulatory scrutiny increases, firms that internalise privacy-by-design principles can reduce legal exposure while improving operational resilience, vendor governance, and scalability across products.

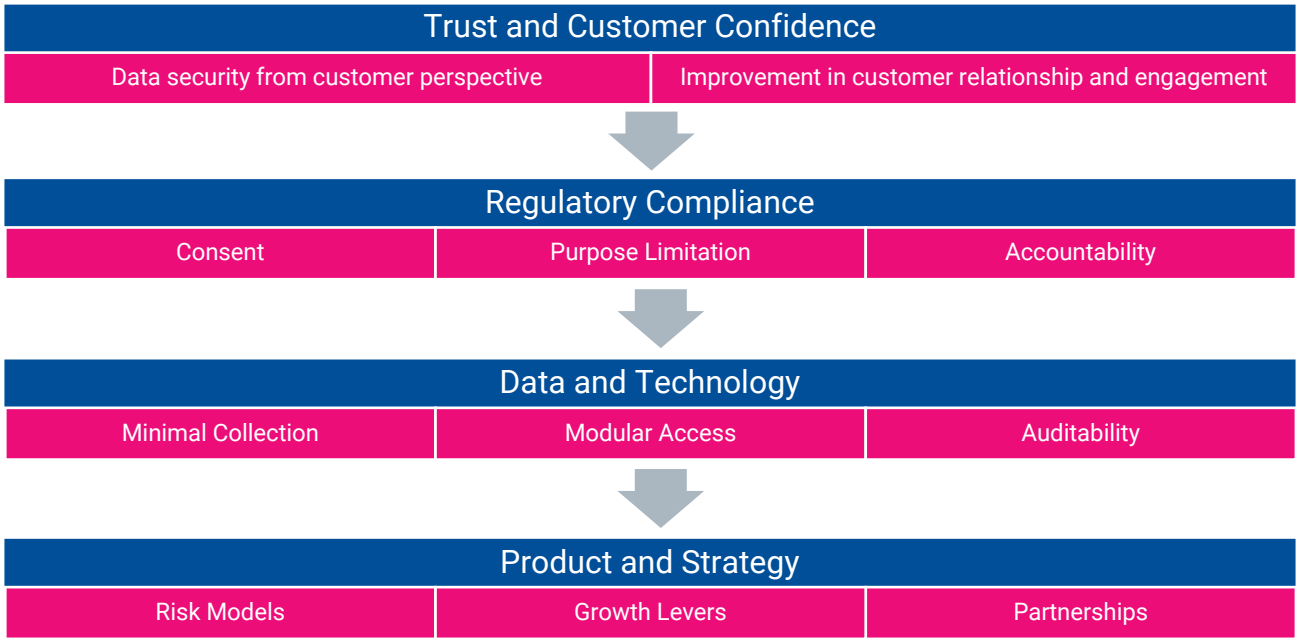
Chart 16: Pre and Post View of DPDP Act Implementation in Workflow



Trust emerges as the strategic dividend of DPDP aligned transformation. Clear disclosure, granular consent, and enforceable user rights reduce the asymmetry that historically characterises digital finance. Over time, this transparency reshapes customer expectations, positioning compliant Fintechs as custodians rather than exploiters of personal data. In competitive markets where products are easily replicable, demonstrable data responsibility becomes a differentiator—improving customer retention, regulator confidence, and long term franchise value.

Impact of DPDP Act on Fintech Strategy Stack

Chart 17: Impact of DPDP Act on Fintech Strategy Stack



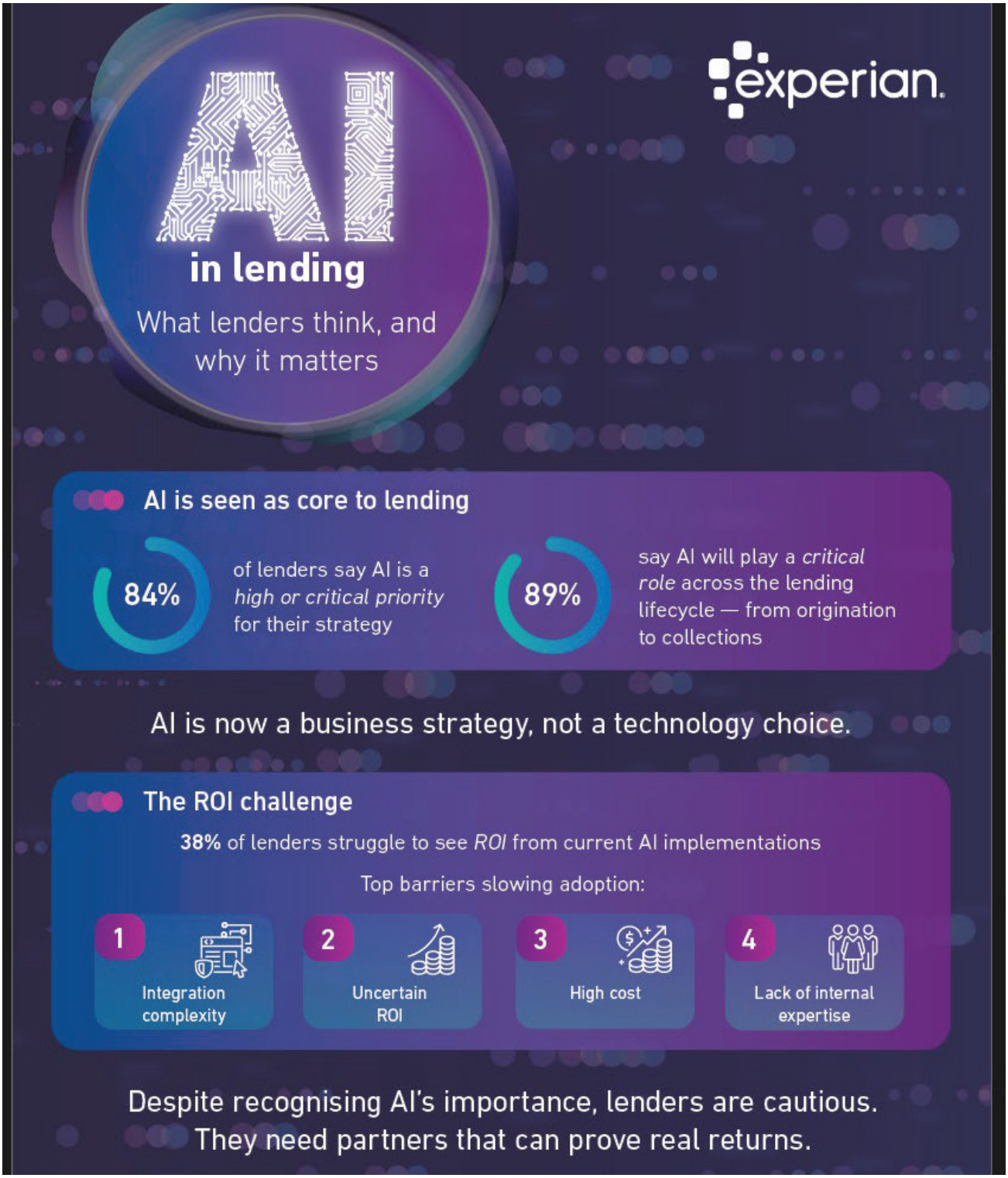
The Reserve Bank of India's Digital Lending Directions operationalise these principles for regulated entities and their fintech partners, translating horizontal DPDP obligations into enforceable, sector specific controls. By prescribing explicit consent, limited data access, local storage, and clear accountability for lending service providers, RBI embeds data protection directly into customer acquisition, underwriting, servicing, and recovery workflows. As a result, compliance is no longer peripheral to business execution—it becomes a core architectural constraint that influences product design, partner selection, and go to market models.

Role Clarity Under DPDP Act

Together, DPDP and RBI guidelines reshape trust dynamics across the digital finance ecosystem. Customers gain clearer visibility and control over how their data is used; regulators gain enforceable oversight; and Fintechs that internalise these norms can differentiate through transparency and reliability. Trust, in this combined framework, functions not merely as a reputational outcome but as a measurable strategic asset—driving sustainable customer relationships, institutional partnerships, and long-term franchise value.

Chapter 5

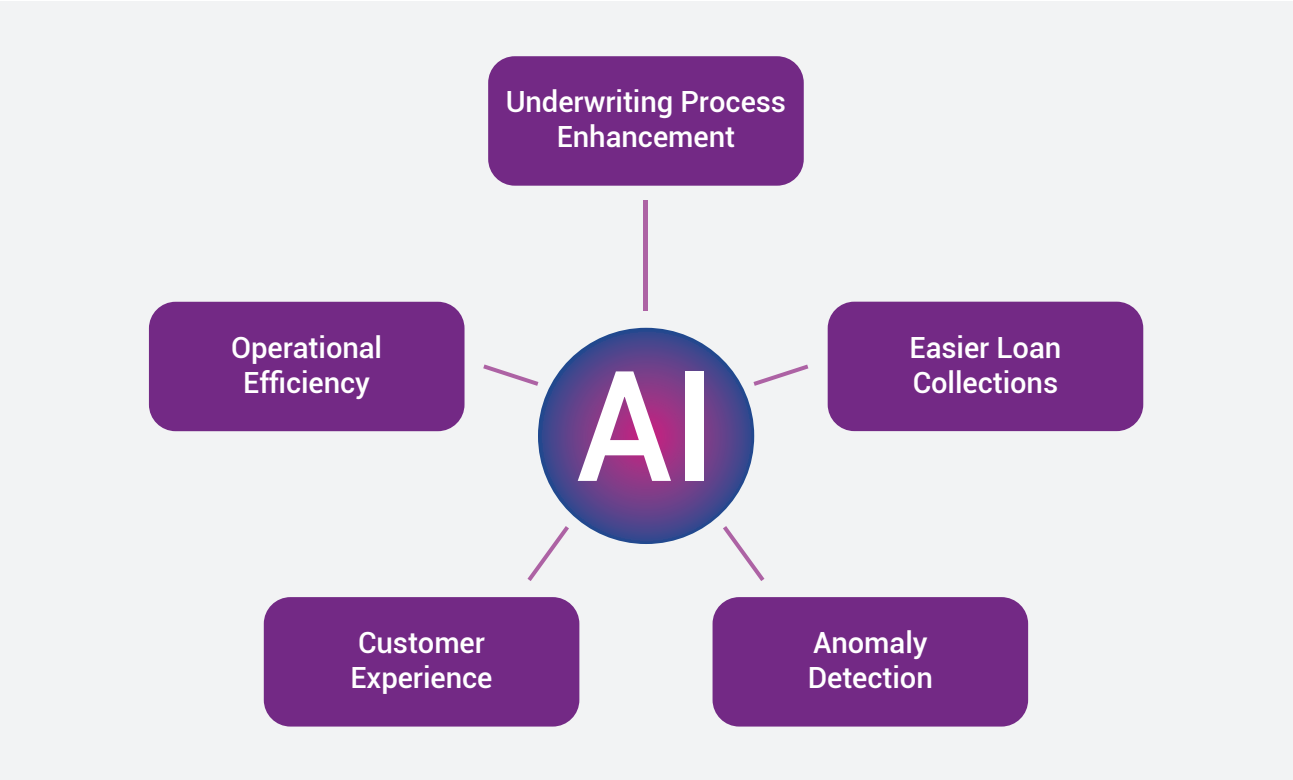
The AI Advantage: Enhancing Efficiency and Customer Experience in Fintech


experian.
AI
in lending
What lenders think, and why it matters
AI is seen as core to lending
84%
of lenders say AI is a high or critical priority for their strategy
89%
say AI will play a critical role across the lending lifecycle — from origination to collections
AI is now a business strategy, not a technology choice.
The ROI challenge
38% of lenders struggle to see ROI from current AI implementations
Top barriers slowing adoption:
1 Integration complexity
2 Uncertain ROI
3 High cost
4 Lack of internal expertise
Despite recognising AI's importance, lenders are cautious.
They need partners that can prove real returns.

Artificial Intelligence (AI) is rapidly becoming the strategic engine of India's financial sector. What began as a digital payments revolution has evolved into an AI driven ecosystem where intelligent models support underwriting, detection of suspected application information, customer experience, and operational efficiency. In India's fintech landscape—enabled by Aadhaar, UPI, Account Aggregators, and massive Digitised datasets—AI is redefining how financial institutions understand and manage risk, personalise journeys, and engage underserved segments.

5.1 Some Areas of Application of AI by Fintechs today

Chart 18: Areas of Application of AI



- **AI in Risk and Underwriting: Enhancing Credit Scores with Behavioural Intelligence**

  AI has fundamentally reshaped credit decisioning in India. Fintech lenders increasingly use AI based, behavior driven risk models to augment Bureau-based Credit models. As digital footprints expand across UPI, e-commerce, telecom, GST, bank statements, and mobility data, AI integrates these alternate data sources to build more nuanced risk profiles—especially for new-to-credit and thin-file customers. AI helps digital lenders expand beyond Tier-1 cities by automating verification, enabling faster onboarding, and significantly reducing dependency on physical underwriting. Model pipelines blend bureau and alternate data under transparency and consent rules, improving approval speed while embedding risk controls. This evolution marks a shift simply from speed-led business growth to analytics-led resilience.

QUALITY AND CONNECTIVITY OF DATA DEFINE INTELLIGENT CREDIT

AI can only be as good as the data that powers it.

In 2026, the focus will be on data quality, lineage and governance. Businesses building explainable AI require reliable, well-structured data that can be traced, audited, and updated in real-time.

The industry is responding decisively. Experian's Future of Underwriting research shows:

Organisations are prioritising data quality, metadata management, and lineage tracking to make data reliable for AI workloads and decisions.

80%

plan to increase the use of alternative or consented data.

67%

expect to adopt synthetic data for privacy-safe model development.

50%

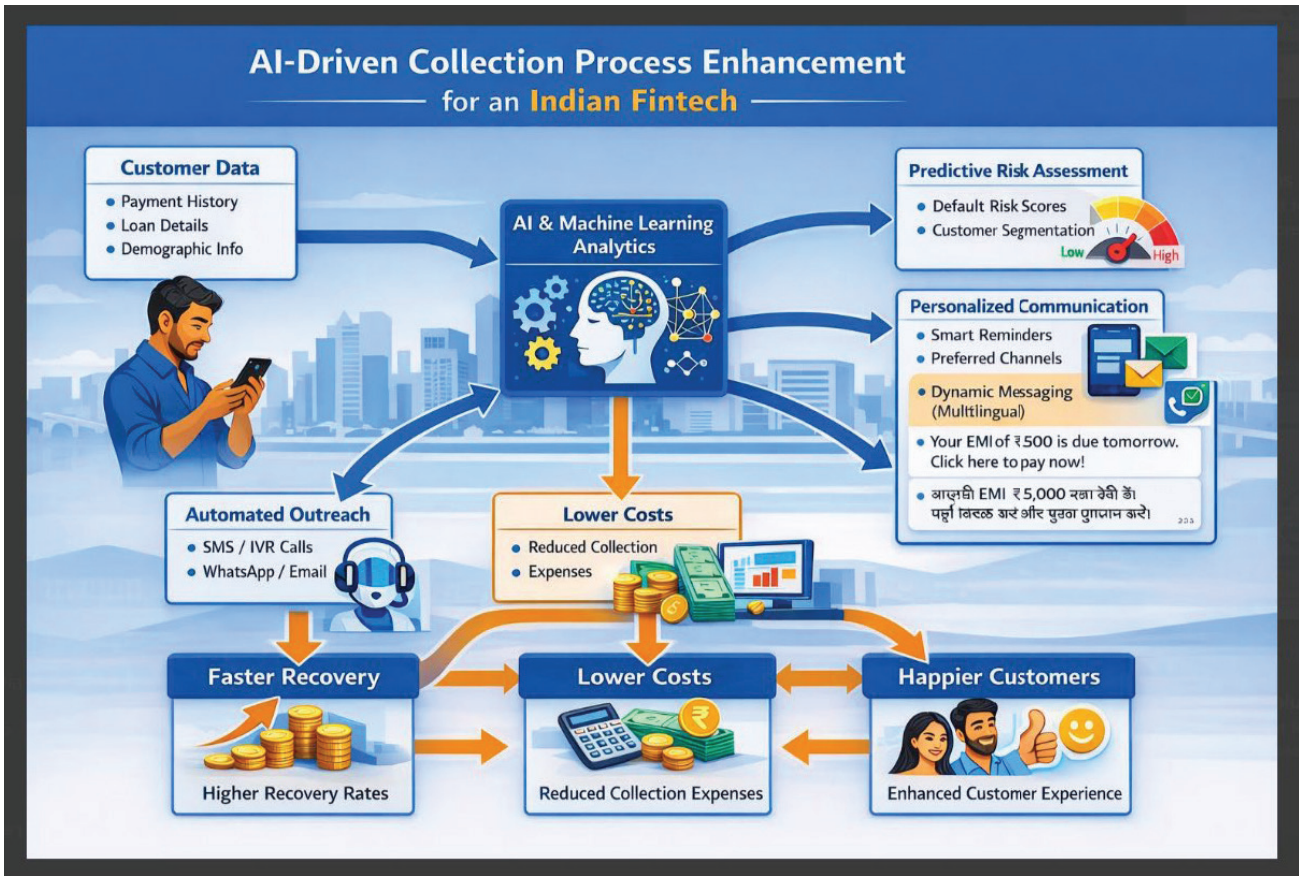
expect behavioural data to play a significant role.

However, data standardisation remains a challenge. **29% cite data limitations as one of their largest barriers**. For lenders, the direction is clear: they want decisioning fuelled by connected, high-quality data that can be traced and refreshed in real-time.

Experian Research (2025), Future of Underwriting IDC (2025), Worldwide Big Data and Analytics Software Forecast, 2025-2029, #US53929825, Dec 2026

- **Transforming Loan Collections Processes**

  AI is increasingly transforming loan collection processes in India by enabling lenders to shift from reactive, manual recovery methods to proactive, data driven engagement strategies. Fintechs now use AI models to predict which borrowers are likely to miss payments, allowing earlier and more empathetic intervention based on behavioral insights rather than uniform scripts. AI powered tools also automate communication through chatbots, voicebots, WhatsApp, SMS, and email, intelligently selecting the most effective channel for each borrower to improve response rates and reduce operational costs. Advanced platforms even support sentiment analysis, personalised repayment options, and digital negotiation journeys, helping lenders manage delinquencies more efficiently while improving customer experience. Some platforms allow AI driven full stack collection systems to be adopted to streamline recovery workflows.



- **Strengthening Anomaly Detection and Compliance**

  AI is becoming a critical layer in India's financial governance. As transaction volumes surge— driven by UPI and digital lending— suspected risk vectors also grow. AI systems support anomaly detection, mule risk identification, collusion pattern detection and behavioral monitoring, and enables surveillance at scale. Engagement within the Fintech community— including anomaly identification and governance innovations— creates the foundation for AI-enabled risk monitoring. AI-driven compliance becomes even more essential under India's DPDP Act, which demands auditability, purpose limitation, and consented data use— making it mandatory for Fintechs to adopt AI systems that ensure traceability and role-bound data access.

- **Personalising Customer Experiences**

  AI is powering hyper-personalised financial journeys in India, helping Fintech apps deliver spending insights, curated credit offers and investment nudges. AI plays a major role today in enabling and improving financial personalisation through multilingual AI systems designed for India's diverse population, going one step further to enhance credit access to the masses. Payment and savings apps increasingly deploy AI for personalised budgeting, fraud alerts, investment suggestions, and contextual nudges. Wealth-tech platforms use AI to democratise advisory services, enabling first-time investors—especially in Tier-2/3 cities—to engage with mutual funds, SIPs, and build personalised risk-assessed portfolios.

- **Scaling Operations and Improving Efficiency**

  AI is powering operational excellence across Indian Fintechs by automating repetitive tasks, improving KYC journeys, enabling Straight-Through Processing (STP), and reducing turnaround times for loans. Consumers are increasingly using financial services through mobile apps that anticipate needs and speak in local languages. e-KYC and video KYC journeys— enhanced by facial recognition and OCR — allow near-instant onboarding. AI chatbots reduce load on customer service centers and support multilingual interactions. Fintechs processing billions of UPI transactions depend on AI-driven cloud architectures to maintain speed and reliability, especially during peak periods like festival seasons and sales events.

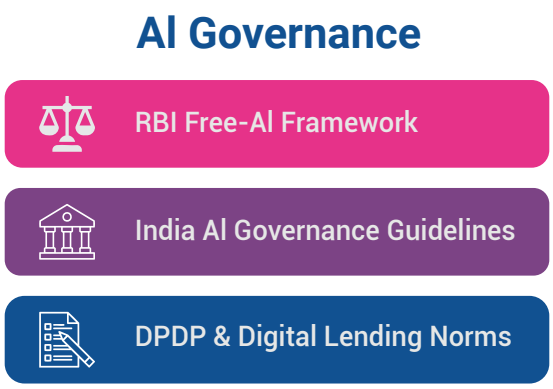
- **Supporting Financial Inclusion**

  AI is helping Fintechs deliver tailored credit to MSMEs, gig workers, and NTC individuals—segments historically excluded from formal finance. India's fintech ecosystem, supported by DPI, Account Aggregator and OCEN (Open Credit Enablement Network), is leveraging AI to lower barriers to credit, especially for microentrepreneurs. AI and alternate data are critical in today's financial ecosystem towards serving underserved segments. AI-enabled underwriting allows lenders to issue small-ticket loans with short repayment cycles, reaching MSMEs more efficiently. Alternate data like telecom, GST, mobility, repayment behavior, etc. is reshaping credit intelligence in India. -entrepreneurs.

5.2 AI Governance in the Indian Fintech Sector: Regulatory Frameworks and Industry Impact

As AI becomes a core operating layer for India's Fintech sector, concerns around data privacy, bias, explainability, and consumer protection have intensified.

India has introduced a robust multi layered AI governance architecture combining financial regulation, data protection law, and national AI policy. Unlike prescriptive AI laws, India has adopted a principles-based, sector-led approach that leverages existing regulations while enabling innovation.



The most significant frameworks impacting fintech today are RBI's FREE-AI framework, the India AI Governance Guidelines (2025), and cross-sector regulations such as the Digital Personal Data Protection (DPDP) Act, SEBI regulations, and RBI digital lending norms. These measures are shaping innovation, trust and long-term sustainability in India's AI driven Fintech ecosystem.

Current AI Governance Frameworks in India

1. **RBI FREE-AI Framework – Framework for Responsible and Ethical Enablement of AI for the Financial Sector.**

   It has seven guiding principles or 7 Sutras viz:

   - Trust as the foundation
   - People-first design
   - Innovation over restraint
   - Fairness and equity
   - Accountability
   - Transparency and explainability
   - Safety and resilience

   Key provisions include:

   - Board-level accountability for AI usage and risk management
   - Mandatory AI governance policies and model oversight frameworks
   - Customer disclosure when AI is used for lending, onboarding, or servicing
   - Explainable AI for credit decisions and fraud controls
   - AI risk audits and third-party model validations
   - Dedicated AI sandboxes for controlled innovation

   The RBI framework aligns with its Digital Lending Guidelines (2022), which require algorithmic transparency, borrower consent, and human oversight in automated lending decisions.

2. **India AI Governance Guidelines (2025)**

   The Ministry of Electronics and IT (MeitY) launched the India AI Governance Guidelines as a national framework for safe, ethical, and inclusive AI.

   Core pillars include:

   - Ethical AI usage
   - Human accountability for algorithmic outcomes
   - Transparency and traceability
   - Risk classification of AI systems
   - Public disclosure and grievance redressal
   - AI testing, certification, and impact assessments

The framework introduces institutions such as:

- AI Governance Group (AIGG)
- Technology Policy Expert Committee (TPEC)
- AI Safety Institute (AISI)

It also mandates that all AI systems comply with existing Indian laws, including the DPDP Act (2023), the IT Act, and the Consumer Protection Act.

AI Governance is also reinforced through multiple regulatory layers viz DPDP Act, 2023, SEBI AI Guidelines (Draft 2025), RBI Digital Lending Guidelines, IT Act and Rules etc.

Impact on the Fintech Ecosystem

- **Enabling Responsible Innovation:** By embedding governance at the model design stage, fintechs can reduce regulatory friction and scale responsibly.
- **Building Trust and Compliance:** Regulatory alignment will strengthen customer confidence and enhance investor trust.

Several digital lenders now conduct AI Bias Audits, maintain model documentation and governance dashboards, use human in the loop intelligence for exceptions and have public AI transparency policies.

AI governance is no longer optional for the Indian Fintech industry. The comprehensive layered regulatory ecosystem ensures AI serves inclusion, efficiency and innovation and growth while protecting consumers and markets. Continued collaboration between regulators, fintech firms, and technology leaders will be essential to sustain innovation and trust in India's rapidly evolving digital financial economy.

Chapter 6

Re-imagining Risk Intelligence: The Rise of Alternate Data and Tools in India's Fintech Ecosystem

India's fintech ecosystem is undergoing a profound transformation, where the availability of digitised data, large scale public digital infrastructure, and AI driven analytics is reshaping traditional models of credit assessment. Historically, the Indian credit system has relied majorly on bureau reported data, income documentation, and banking history. While this approach has helped lending growth to gain momentum and mass, there is an imperative need to re-imagine r isk management to allow this growth to accelerate further.

The emergence of alternate data has unlocked a new frontier of credit intelligence, enabling lenders to build sharper, more inclusive risk insights. AI enabled models increasingly incorporate behavioural, transactional, mobility, and digital footprint data to construct more nuanced customer profiles, especially in cases where traditional credit histories remain thin.

Alternate data is not merely a supplemental input; it is evolving into a core strategic asset for fintech lenders, complementing bureau scores and enabling real time risk prediction, better underwriting accuracy, and improved customer segmentation. This shift reflects a broader transition from rule based lending toward dynamic, behaviour based, AI enabled credit evaluation frameworks.

6.1 Why Alternate Data Matters: Structural Gaps in India's Credit Landscape

A significant share of India's population remains underserved by formal lending channels. Traditional credit systems have long faced challenges in catering to these segments.

- **Large NTC and Informal Segments**

  Millions of Indians do not have a formal repayment history, making them "invisible" to conventional credit scoring. This includes gig workers, small merchants, new job entrants, and rural borrowers. Alternate data—such as UPI payments, GST cash flow patterns, spending insights, mobility indicators, and telecom usage— helps bridge this visibility gap by offering behavioural proxies for creditworthiness.

- **Shift Toward Digital Finance and Small Ticket Credit**

  Fintech NBFCs have seen growing back volumes in small ticket, high frequency credit, demonstrating consumer preference for digitally delivered micro loans. Their rising share reflects how alternate data underwriting has enabled lenders to scale responsibly into underserved markets.

- **Policy and Infrastructure Enablement**

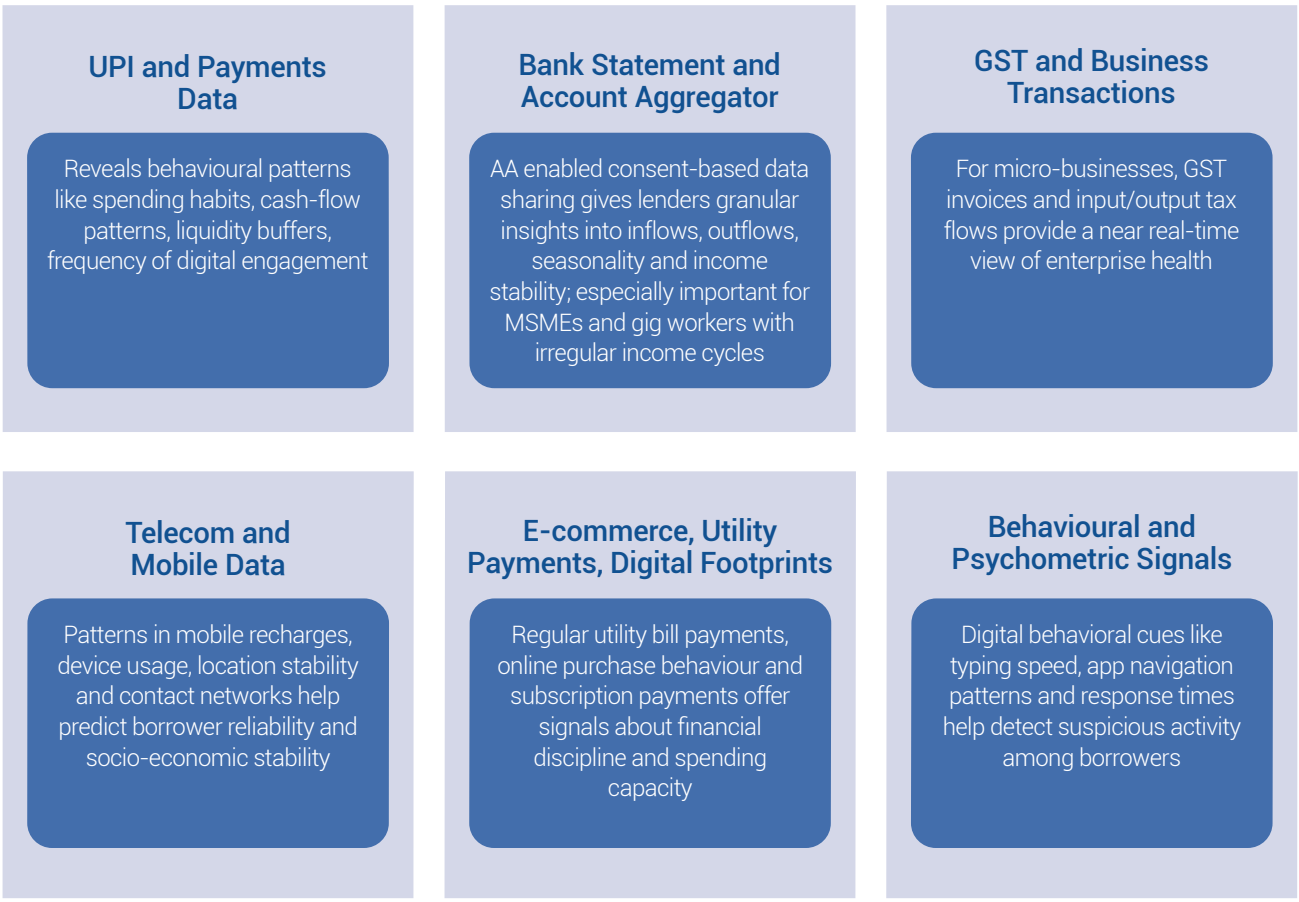
  India's Digital Public Infrastructure (DPI)— including Aadhaar, UPI, DigiLocker, and the Account Aggregator (AA) framework— acts as the foundation for data-driven lending. Government bodies like NITI Aayog emphasise that these data rails have deepened digital credit access and encouraged innovation while reducing friction in underwriting.

Together, these forces create a powerful environment for alternate data to emerge as the new language of risk intelligence.

6.2 Categories of Alternate Data Transforming Credit Intelligence

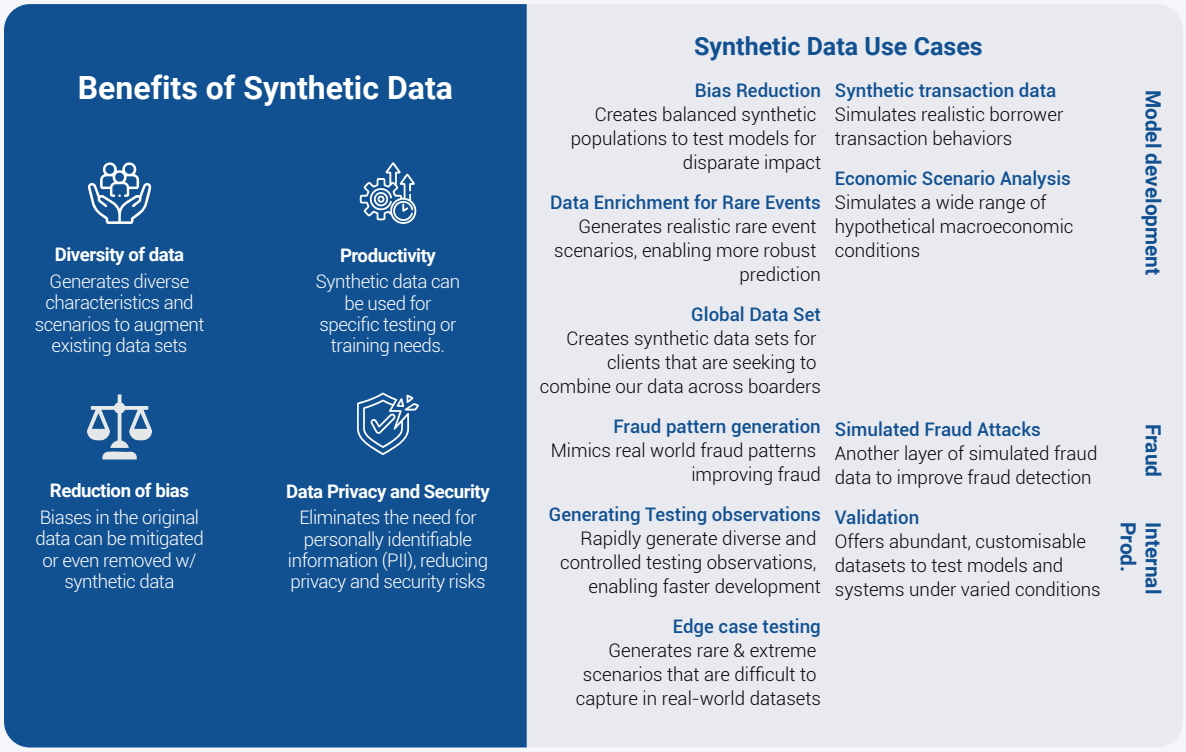
Fintech lenders today harness a diverse spectrum of alternate data sources, each offering unique behavioural insights.

Chart 19: Categories of Alternate Data



While there has been significant progress in credit growth in major cities, there is an imperative need of expanding credit in deeper geographies, particularly in new-to-credit segment. In absence of credit tested data, synthetic information generated by computer algorithms to mimic the statistical properties and characteristics of real-world data but without containing any actual information from real-world entities can play a big role here. Such data can be synthesised through multiple ways like rule based, GAN models or LLMs.

Beyond Real: The Strategic Power of Synthetic Data in Modern Analytics



6.3 How Ensemble Data Approach can Shape the Lending Landscape

Over the past few years, AI and ML strategies in Risk Management has helped transform the lending landscape. This aligns with a research conducted by Experian across EMEA and APAC regions (including India).

88%	86%	8%	75%	73%	70%
Of organisations already using ML have seen an improvement in acceptance rates for SME loans since adoption	Of organisations already using ML have seen an improvement in credit card bad debt rates since adoption.	Of respondents agree that cloud computing is an essential part of their strategy to maximise the value of data	Of respondents are prioritising the move to a unified data, analytics, decisioning and fraud platform over the next 1-3 years.	Of respondents believe. that organisations that adopt ML in credit underwriting will gain a significant long-term competitive advantage.	Of organisations that are already using ML plan to significantly Increase investments in their ML capabilities over the next 1-3 years

The survey also points out that majority of fintechs and lenders expect robust growth in the year ahead. This also means that they need to focus more on Risk Management as a practice to avoid credit cost woes as seen in 2023-2024.

67%

overall expect revenue to increase in the year ahead

73%

Fintechs

63%

Banks

6.4 How Alternate Data Is Shaping the Lending Landscape

In today's context, any risk framework which has fragmented solutions that do not connect in an overall ensemble attribute is no longer sufficient and we need to bring in alternate data sources.

✓ **Inclusion Through Better Credit Access**

Alternate data helps lenders evaluate borrowers who previously had no access to formal credit. By incorporating diverse datapoints, fintechs can offer micro loans, cash flow based MSME credit, small ticket personal loans, etc. This advances India's goals of financial inclusion and digital empowerment.

✓ **More Accurate Risk Segmentation**

With richer behavioural signals, lenders can segment customers not just by credit score but by stability, spending patterns, repayment behavior and digital engagement. This enables personalised interest rates, credit limits, and loan products.

✓ **Proactive Anomaly Detection**

Alternate data usage plays a critical role in identifying mule accounts, collusion patterns, and behavioural anomalies— critical in sustaining a high volume transaction and risk-free lending ecosystem.

✓ **Stronger MSME Lending Models**

GST and transaction based alternate data help lenders assess micro entrepreneurs with limited financial documentation, unlocking significant credit potential.

✓ **Customer Centric Digital Journeys**

Alternate data enables hyper personalised nudges, product recommendations, budgeting tools, and financial coaching, enhancing borrower engagement.

6.4 How Do we bring all this data together

Today the industry faces the trilogy of Credit, Fraud and Compliance risks. While credit risk has always been part of credit and customer lifecycles, with rapid expansion, particularly into hitherto unchartered territories, lenders need to be more cognizant of credit risk.

Similar is the case of fraud risk. Although the opportunistic lone-wolf fraudster still represents a threat, the industrialisation of fraud presents a far greater risk. With the advent of fraud farms and GenAI, the fraud prevention goalposts have shifted dramatically, as this nascent technology acts as a force multiplier and lowers the barriers to commit complex fraud. This includes misuse of KYC processes.

Further, when fintechs and lenders are progressing towards a collaboration, it is essential that the interaction and data exchanges remain kosher and the entities remain complaint with extant regulatory norms while also ensuring data privacy and data security.

CREDIT, FRAUD AND COMPLIANCE CONVERGE INTO UNIFIED INTELLIGENCE

Historically separate risk functions are now converging as financial institutions seek consistent decisions, lower costs and stronger governance. This convergence is driven by both regulatory pressure and operational necessity. A siloed approach often leads to missed opportunities - whether in preventing fraud, offering better protection to businesses and consumers alike, or delivering a smooth, frictionless customer experience. By breaking down these silos, institutions can not only strengthen risk management but also unlock better financial opportunities for their customers, creating a more secure and seamless ecosystem.

Experian research shows:

87%

expect convergence of credit, fraud and compliance within five years, [22]

91%

believe future leaders will centralise these functions.[23]

36%

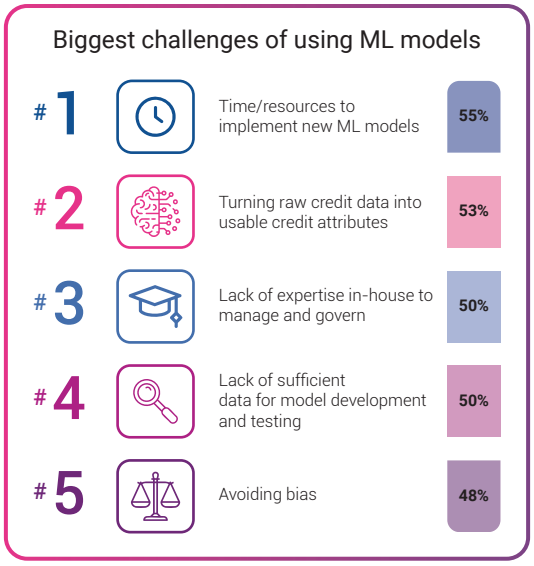
prefer a single, integrated solution, with 49% favouring modular integration, signalling the need for platforms that support both approaches.[23]

AI Safety & Policy Control Planes emerge to deliver cross-stack guardrails, explainability. audit, and compliance that span model inference and data access. [24]

Select vendors with proven orchestration for identity, fraud, and compliance in one layer. 25

Experian Research (2025), Future of Underwriting Experian Research (2024), Convergence of Credit, Fraud & Compliance 74 IDC (2025), Tech Sector Transformation Series: The Agentic Evolution of Enterprise AI and Data Platforms, #US53884625, Nov 2025 IDC (2025), Future Scape: Worldwide Banking and Payments 2026 Predictions, #US53859825, Oct 2025

The need of the hour is to have an augmented approach to create a Unified Risk Intelligence- both in terms of development and continuous monitoring. Data is not enough, we need insights and also the right technology to turn both into long term sustainable growth. ML models have helped but as per an Experian survey, lenders also face certain challenges in adoption.



One of the solutions to enable this Ensemble data framework is Experian's Ascend Platform.

8 out of top 10 banks in US already use this cutting-edge technology which has enabled them to refine their Risk intelligence Frameworks. This solution is now available in India and has the potential to accelerate credit growth in India by bringing lenders and Fintechs together and powering the combined intelligence with AI.

The Ascend Platform has two components

1. Ascend Sandbox
2. Ascend Ops

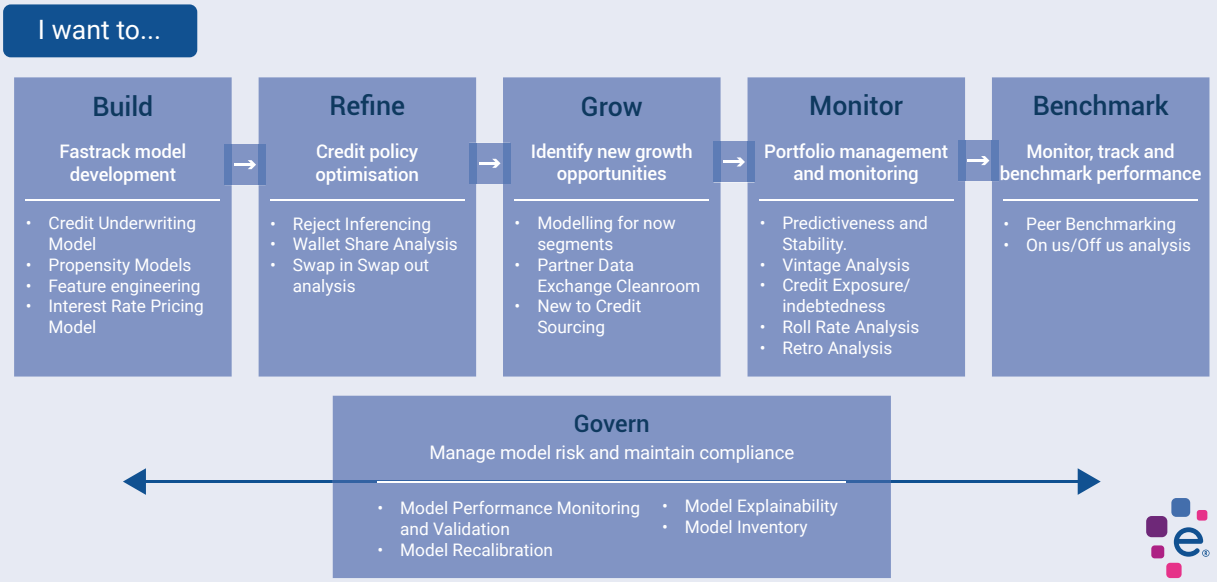
Lenders today rely heavily on bureau data to build models across customer and credit lifecycle. Bureau data is also essential in effective portfolio monitoring, taking timely and tailored actions to devise market and customer segment entry strategies. However, there are restrictions on access to quantum of bureau data, usage of internal data and leveraging insights from their fintech partners. It is also essential that while amalgamating the data sources, the aspect of anonymisation is also taken care of.

The Ascend Sandbox addresses this by bringing in comprehensive bureau data while also enabling users to incorporate their internal data and consent-driven fintech attributes. At the same time, it ensures complete anonymisation of data with defined access to individual data elements.

Experian's bureau data powered Sandbox allows lenders to conceptualise, design and test a Unified Risk Intelligence Framework. Users can not only build models with a retro analysis to test the model stability, they can also stress test the model on the complete bureau universe cutting across lender types, product holding shifts, demographics and fintech-ethnographies. There is a large pre-built feature library with additional toolboxes that enables the creation of synthetic data and perform development steps efficiently thereby reducing model development time by more than fifty percent.

How can you use the Ascend Platform?

Sandbox combines a universe of data with powerful tools that enables you to uncover critical insights and rapidly turn them into decisive action



The sandbox includes built in toolboxes that streamline model documentation, support model governance and enable quick model deployment by generating implementable artefacts for scoring engines.

Further, with rapid growth in digital lending, availability of plethora of lending avenues for borrowers and changing of product holdings, RBI has mandated lenders to create robust model monitoring frameworks. With evolving asset quality trends, product and customer mix, lenders have been forced to rebuild and recalibrate their models at a higher frequency than in the past.

Further, this also has significant impact on their approved through the door population and subsequent asset quality and cost ranging from loss provisioning to portfolio management to cost of collections. This means that lenders can no longer afford to monitor their models only on a quarterly or even on a monthly basis. The same is true for non-credit portfolio models like propensity, etc.

With hyper personalisation and micro swim lanes for disparate customer profiles and risk profiles, the number of models has also gone up significantly, which consumes technology bandwidth in implementation and leads to delays in deployment as well. More number of models has also necessitated the need of having larger model monitoring and governance teams and higher turnaround time (TAT) to identify and take timely actions on deteriorating models. Delays in implementation, monitoring and timely action can lead to significant costs for lenders.

This is where the Ascend Ops comes into the picture. The Ops module has the capability to host hundreds of models and seamlessly allows appraisal of applications as per score-based policies. The module not only can execute scorecards in real time and batch modes, but it can also provide a daily monitoring of models across defined statistical and business KPIs. The AI module of the tool identifies non-performing attributes and identifies replacement attributes from the pre-built feature library to improve the model performance as per business need.

One of the industry use cases which Experian has been able to solve is with regard to Mule risk which poses an emerging threat across fintechs, lenders and payment processors. While existing mule identification solutions rely on transaction patterns in the bank account, there was need to identify potential suspected mules at the time of account application itself. This not only saves cost for the bank but also pre-empts such individuals entering the banking ecosystem or providing early warning alerts on existing account holders. Experian's Mule Risk Signal solution combines bureau and alternate data covering various digital footprints. A solution like the Ascend Sandbox allows users to bring in such disparate data sources and find correlation and build such effective models.

Ascend Platform also has a handover loop between Ascend Sandbox and Ascend Ops. The model artefacts from Sandbox can be used to quickly deploy the model on the Ops module within days. The identified attributes in a non-performing model from Ops module can be quickly tested in Sandbox with the rich set of attributes readily available which can be used to re-develop or recalibrate the model quickly. The AI powered Ascend Technology Platform can help users script a new language of Risk Intelligence and help enhance and improve the reach and capability of lenders and Fintechs.

Disclaimer

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We operate across a range of markets, from financial services to healthcare, automotive, agrifinance, insurance, and many more industry segments.

We invest in talented people and new advanced technologies to unlock the power of data and to innovate. A FTSE 100 Index company listed on the London Stock Exchange (EXPN), we have a team of 25,200 people across 33 countries. Our corporate headquarters are in Dublin, Ireland. Learn more at experianplc.com.

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