



FINTECH BAROMETER VOL I

Personal Loans

DEEP DIVE



Foreword (CRIF)

Welcome to the first issue of our report, CRIF - DLAI Fintech Barometer VOL I Personal Loans Deep Dive.


New age digital lenders are being instrumental in leveraging technology for quicker paperless disbursements, wider geographical coverage and penetration into tier 3 and beyond locations. They are able to differentiate themselves from traditional lenders with the help of customised products and services, innovative products, quick decision making and utilization of data and machine learning algorithms. While the focus of these digital lenders till now has been customer acquisition, they are now expected to focus on improving the asset quality, selecting right customer profiles and improve their profitability.

Given the increasing importance of these digital lenders, the RBI has increased its regulatory oversight leading to multiple guidelines such as (i) Increase in risk weightage on unsecured consumer loans, (ii) Increase in risk weightage on bank credit to NBFCs, (iii) Vigil over asset-liability management practices, (iv) Increased reporting requirements and (v) Scale-based regulation. We believe this regulatory vigil will also lead to responsible financial innovation and bring focus to asset quality and right customer selection.

We hope you find this report to be valuable and look forward to your feedback.

Sincerely,
Sanjeet Dawar
Managing Director, CRIF High Mark

Foreword (DLAI)



It is with a great delight that I extend my warmest greetings to all stakeholders in rapidly evolving landscape of Fintech and Retail Lending in India . The DLAI-CRIF Fintech Barometer Volume I Personal Loans Deep Dive captures nuances and trends of retail lending by industry and members of DLAI. The timing of the report perhaps couldn't have been better than this , especially when Indian banking regulator has, through a policy action nudged lenders to be more cautious especially in case of unsecured consumer loans. The report crisply brings to the fore a comparative analysis and trendline from FY 2020 to FY 2023.

In an era marked by unprecedented advancements in technology, the financial services industry has undergone a profound transformation, with Fintech playing a pivotal role in reshaping the lending landscape. The report you hold in your hands today is a testament to the collaborative efforts of DLAI and CRIF, two entities committed to fostering innovation, promoting data based industry insights, and supporting advancing financial inclusion in India. As we navigate through this report, it becomes evident that data has emerged as the lifeblood of contemporary lending practices. The insights derived from data analytics empower Fintech lenders to make informed decisions, streamline processes, and deliver personalized financial solutions to consumers. CRIF, a global leader in credit information and decision support, has played a crucial role in compiling and analysing the data presented in this report, offering a comprehensive overview of the trends, challenges, and opportunities in retail Fintech lending.

I would like to express my gratitude to CRIF for their unwavering commitment to excellence and their collaboration in bringing forth this report. Furthermore, I extend my appreciation to the dedicated team at DLAI for their tireless efforts in supporting the growth and sustainability of the digital lending ecosystem in India. As we stand at the intersection of innovation and Fintech, I am confident that this report will serve as a valuable resource, fostering informed discussions, driving strategic initiatives, and ultimately contributing to the continued success of retail Fintech lending in India.

Thank you for your commitment to advancing the digital lending landscape, and I trust that you will find this report both informative and action oriented.

Sincerely,
Jatinder Handoo,
CEO, Digital Lenders Association of India.

Contents

Section	Page No.
Definitions	5
Executive Summary	6
Resurgence in Consumer Lending Post Covid	7
Personal Loans in India - A Deep Dive	12
Short Term Personal Loans in India - A Deep Dive	26
Abbreviations	33

Definitions

- ▶ This report is based on data reported as on Sept'23 and data from 52 DLAI members have been considered.
- ▶ Portfolio Outstanding (POS) or Book or value refers to the current outstanding balance of the loan account.
- ▶ Active loans or volume refers to the number/count of active loans, unless otherwise mentioned.
- ▶ Originations Value refers to the total sanctioned amount, unless otherwise mentioned.
- ▶ Originations Volume refers to the number of loans sanctioned, unless otherwise mentioned.
- ▶ Lender category others comprises SFBs, RRBs, Co-op Banks, etc.
- ▶ PAR or Portfolio At Risk refers to the proportion of delinquent portfolio.
- ▶ LAR or Loans At Risk refers to the proportion of delinquent Active Loans.
- ▶ DPD or Days Past Due refers to loan delinquency/overdue, segmented as 1-30, 31-90, 91-180, 180+ etc.
- ▶ MOB or Month on Book refers to vintage of the account in months.
- ▶ Small Ticket Personal Loans (STPL) refer to Personal Loans (PL) with ticket size less than ₹ 50K.
- ▶ Unless otherwise stated in the report (where comparison is with H1 FY 24), the comparison is made between FY 20 and FY 23.

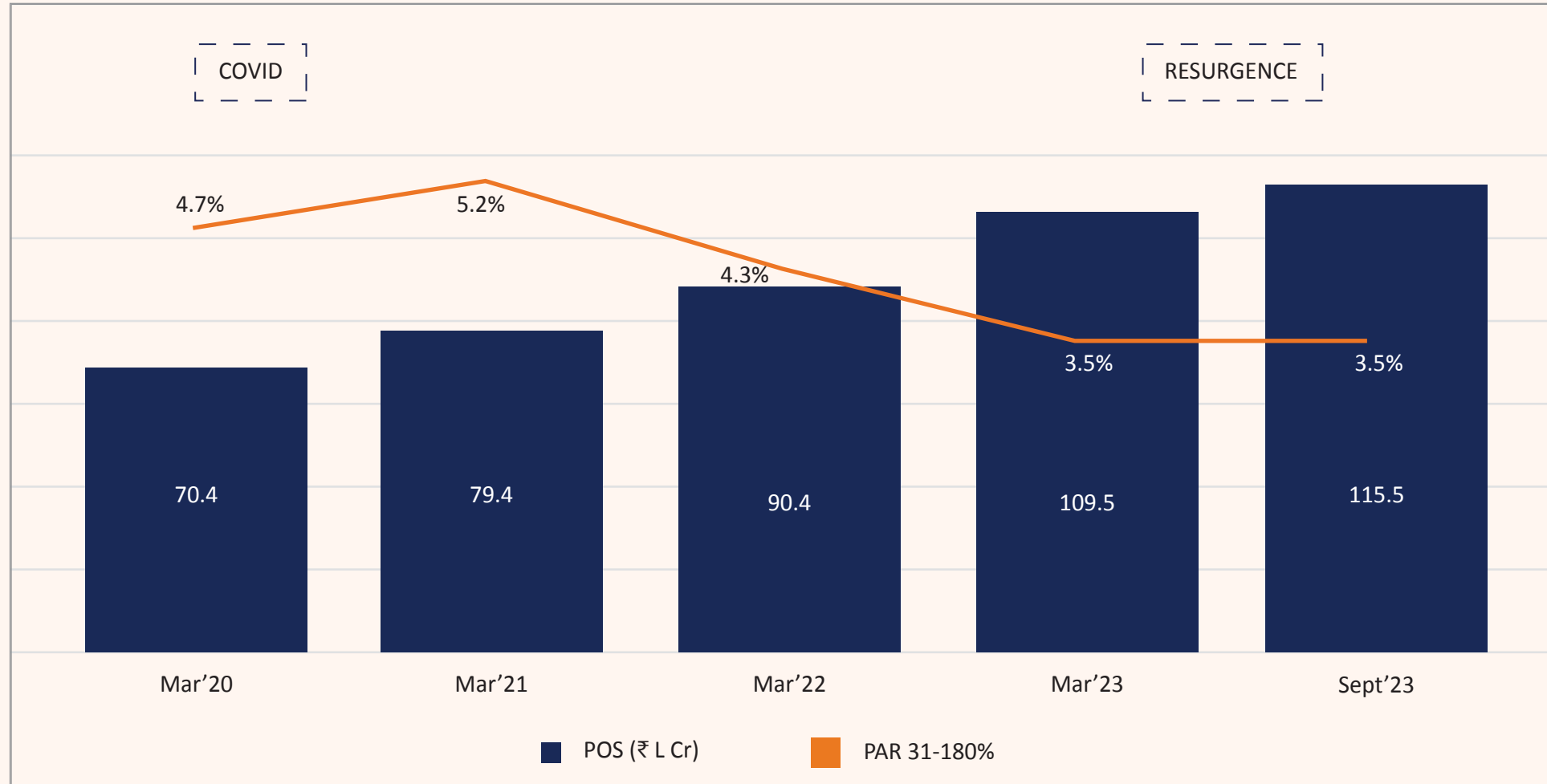
Executive Summary

- Resurgence in Retail Lending post Covid with 64% growth in Portfolio outstanding from Mar'20 to Sept'23 coupled with improvement in delinquency during same period.
- Resurgence in Overall Personal Loans post Covid with 116% growth in Portfolio outstanding from Mar'20 to Sept'23. Similarly, there is 157% increase in Origination Volumes (Sanctioned loans) from FY 20 to FY 23 and 97.3% growth in Origination Volumes (Sanctioned amount) during same period.
- PL Originations Volumes are dominated by STPL. Highest growth in Originations value from ₹ 10K-50K and ₹ 10L+ loans.
- Growing dominance of NBFCs in Originations (by value and volume).
- Small Ticket Personal Loans and Overall Personal Loans carry different risk.
- While Originations Volume (Sanctioned loans) of loans with ticket size under ₹ 1 Lakh are still significant for Digital lenders (DLAI members), Originations Value (Sanctioned amount) of these loans - esp STPL (under 50k) has decreased from FY 20 to FY 23. There is significant increase in Originations Value (Sanctioned amount) share for Digital lenders (DLAI members) of loans with ticket size above ₹ 1 Lakh from FY 20 to FY 23.
- Deteriorating Sourcing Quality for Overall Personal Loans and STPL from Mar'22 to Sept'23. Sourcing quality of DLAI members is better than industry for both Overall Personal Loans and STPL.
- Growth in STPL coming from Beyond Top 100 geographies. Newer geographies with less saturation are operating at similar risk. Differentiated risk markers will help increase sustainable lending.

Resurgence in Consumer Lending Post Covid



Resurgence in Consumer Lending post covid

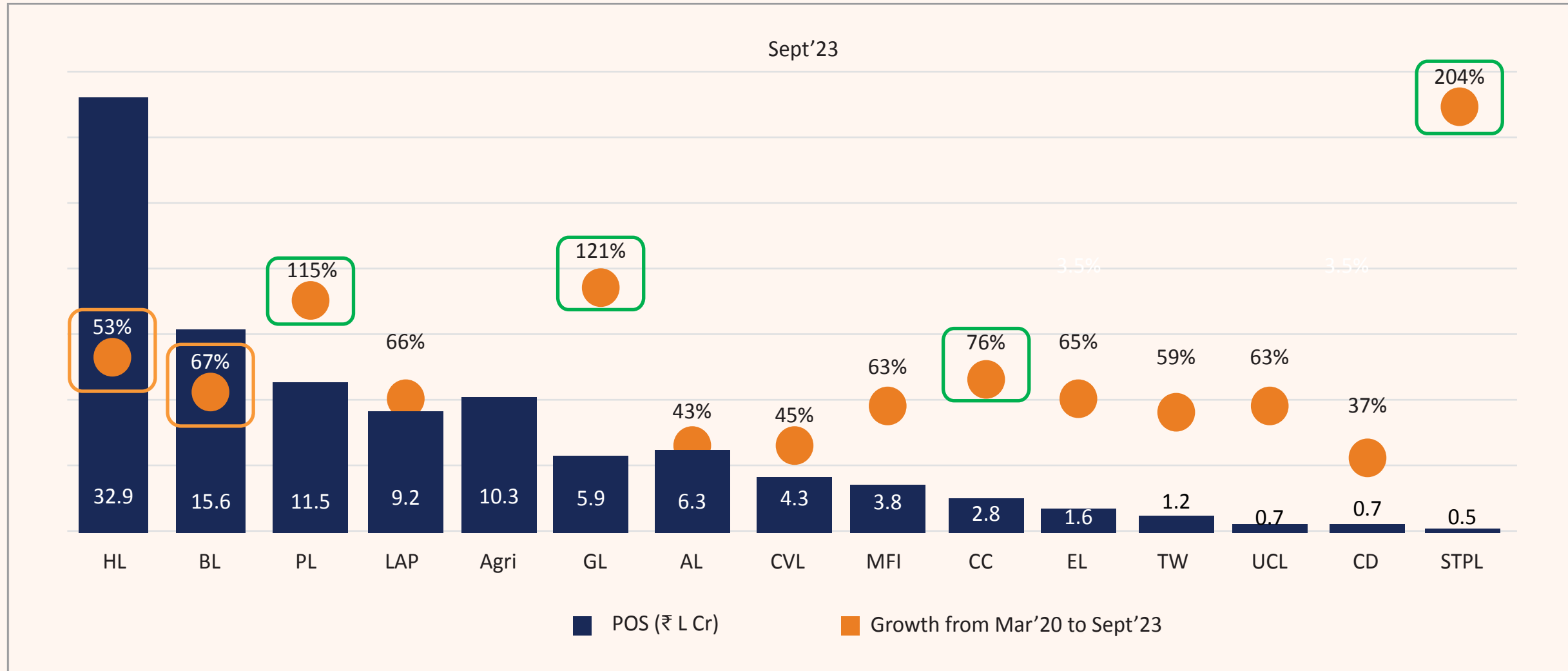


Consumer Lending refers to loans reported to Consumer repository of CRIF High Mark

- Resurgence in Consumer Lending post Covid with 64% growth in Portfolio outstanding from Mar'20 to Sept'23. However, responsibly tapering to 21% from Mar'22 to Mar'23
- Improvement in PAR 31-180% from 4.7% in Mar'20 to 3.5% in Sept'23

Resurgence is heterogenous from Mar'20 to Sept'23

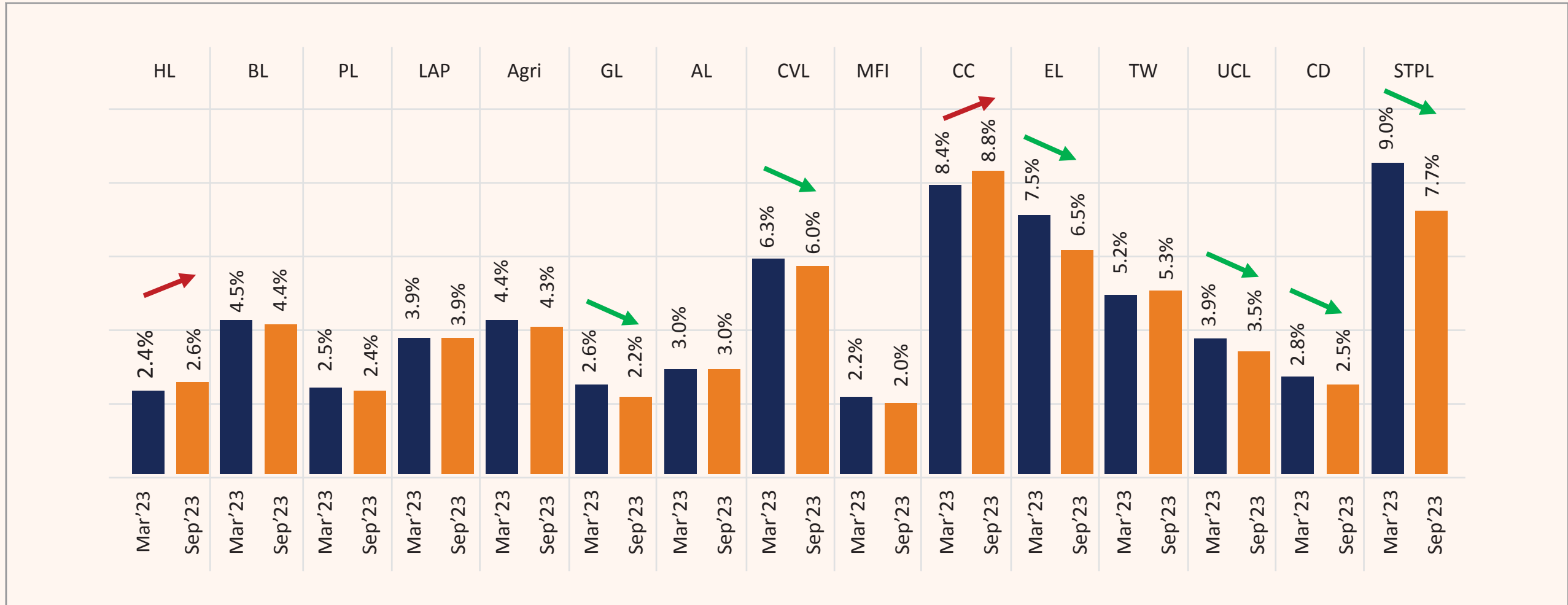
May not be equally risk free



- Resurgence in lending post covid led by Products STPL (204% growth in Book) followed by Gold Loans (121%), Personal Loans (115%), Credit cards (76%)
- Good growth in Home Loans (53%) and Business Loans (67%) despite higher base

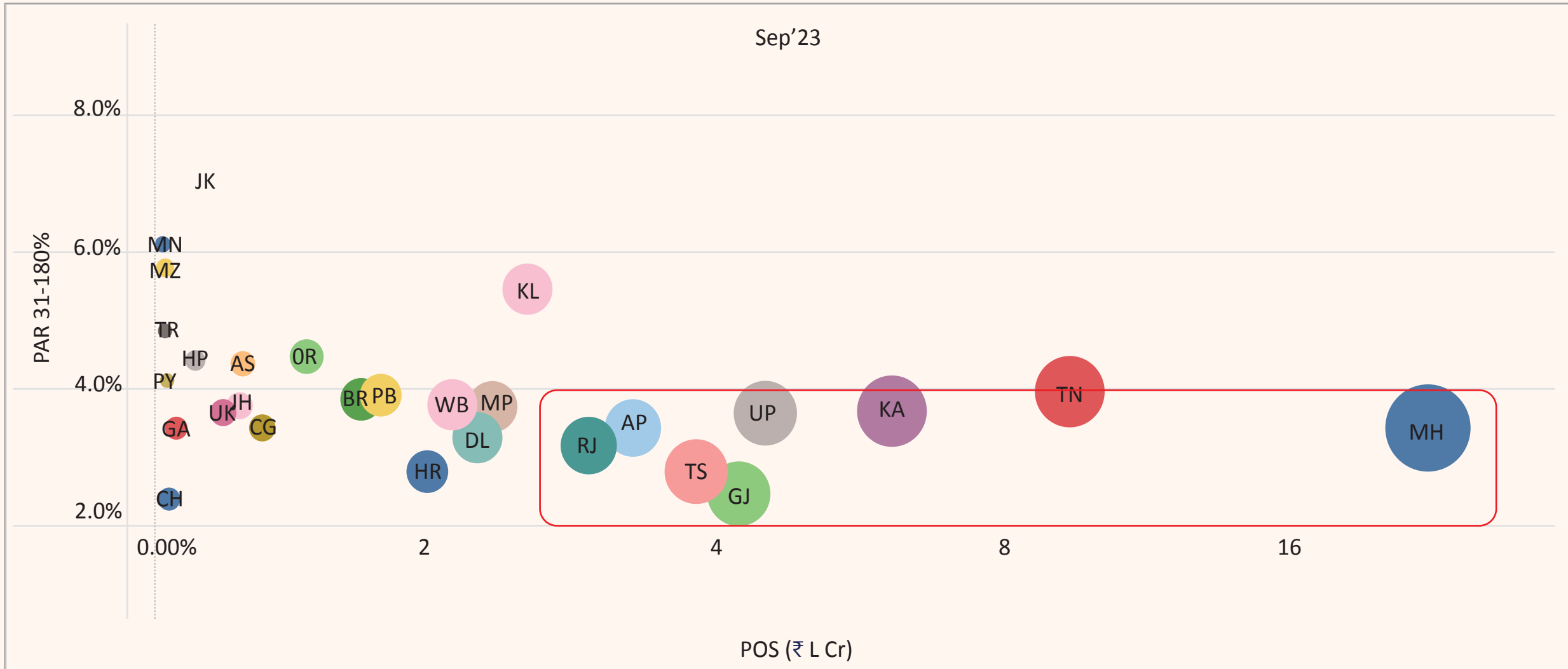
Not all high growth products are seeing risk reduction | Even within same products, different segments carry different risk weighted opportunity

PAR 31-180%



➤ Increase in PAR 31-180% for HL and Credit Cards from Mar'23 to Sep'23. Stable or Improvement in PAR 31-180% for remaining major products

Traditional States are highly industrialized states. Newer challengers – may need differentiated risk approach



- Top States for Retail Loans are Urbanized and Industrialized states - except UP and RJ
- Among top states, TN, UP and KA have comparatively higher PAR 31-180%



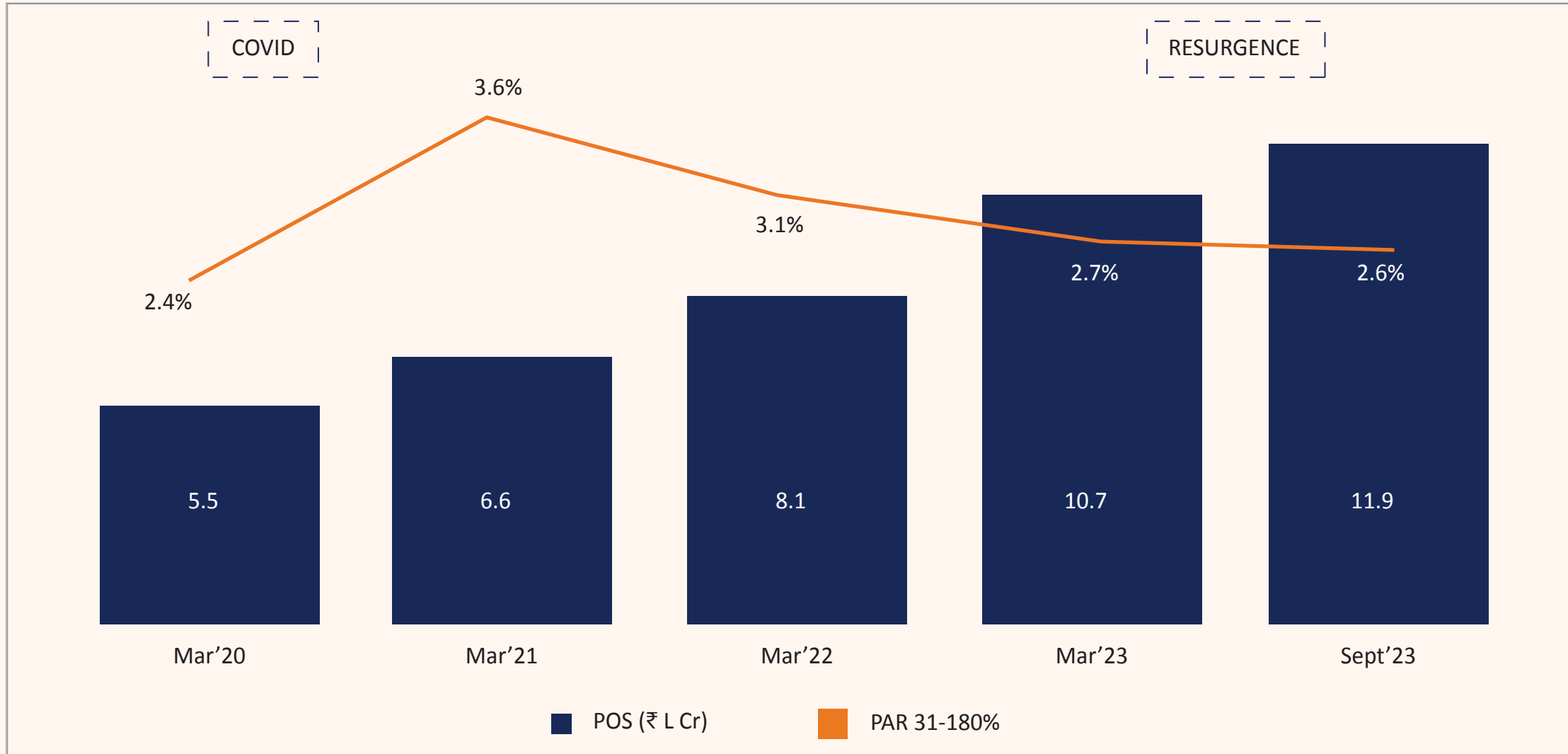
Personal Loans in India – A Deep Dive



HOW INDIA LENDS FY 2022

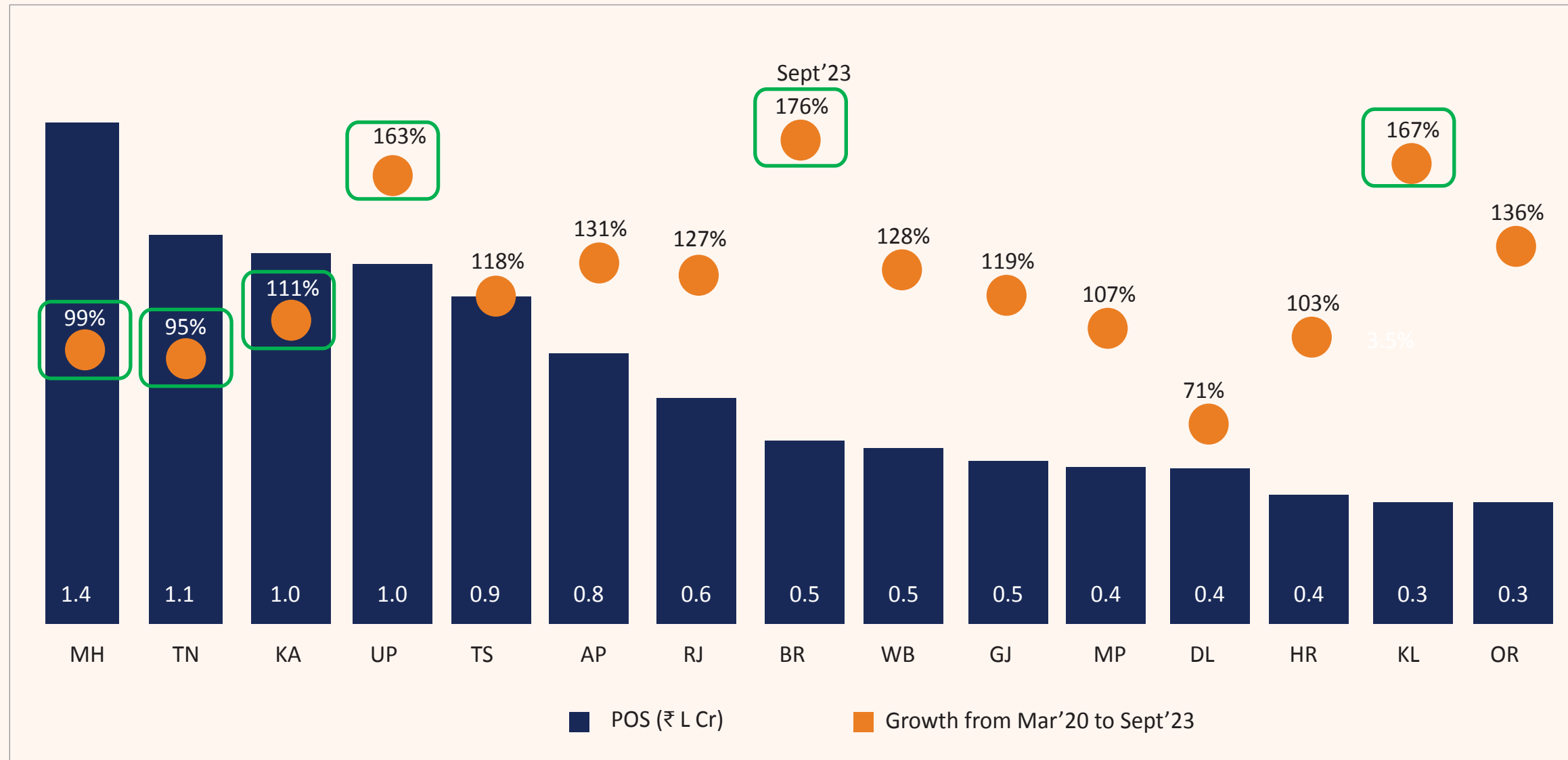


Resurgence in overall Personal Loans post covid



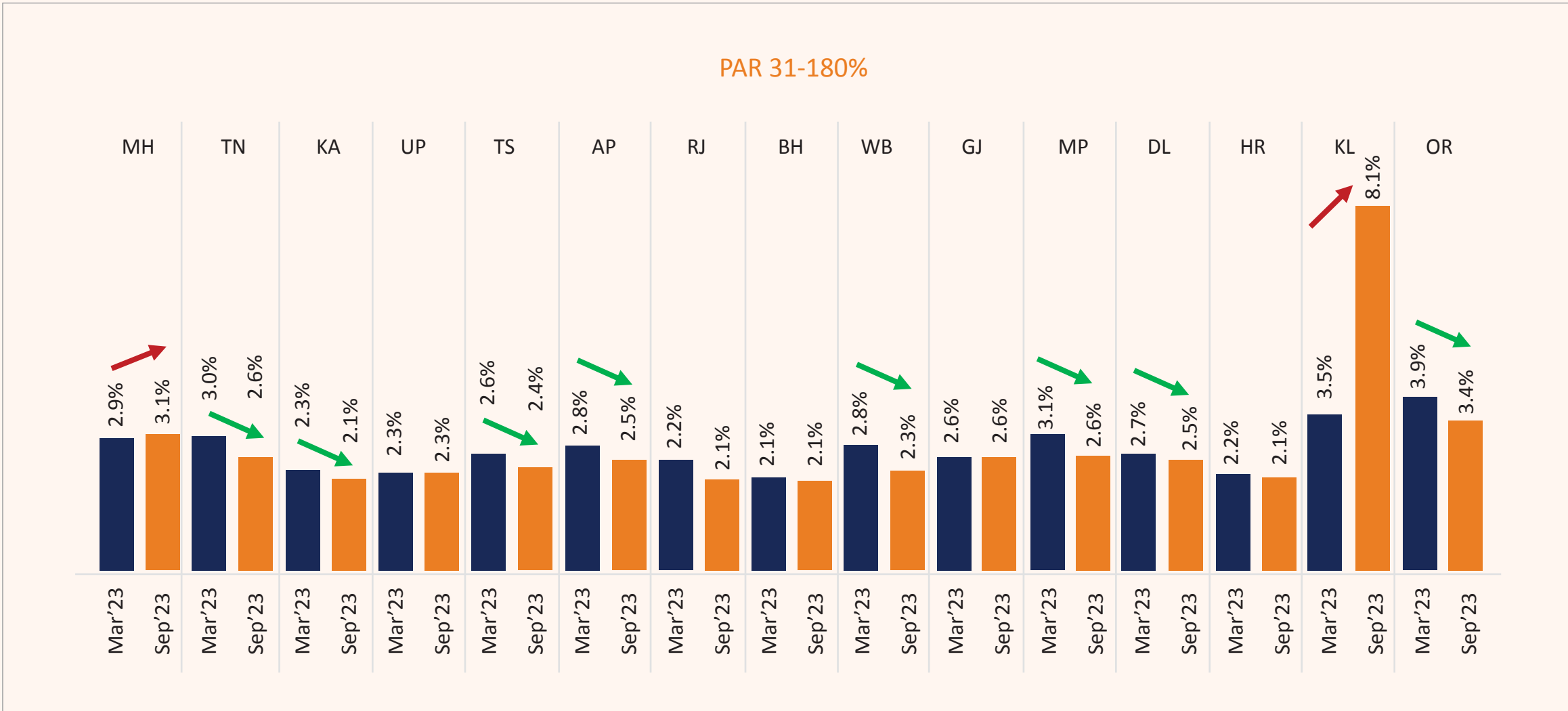
- Resurgence in Overall Personal Loans post Covid with 116% growth in Portfolio outstanding from Mar'20 to Sept'23. However, responsibly tapering to 32% from Mar'22 to Mar'23
- Improvement in PAR 31-180% from 3.1% in Mar'22 to 2.6% in Sept'23. PAR 31-180% as of Sept'23 at similar levels as of Mar'20

Resurgence is heterogenous among states



- Resurgence led by states Bihar, Kerala and UP with Book growth of 176%, 167% and 163% respectively
- Good growth in states – Maharashtra (99%), Tamil Nadu (95%) and Karnataka (111%) despite higher base

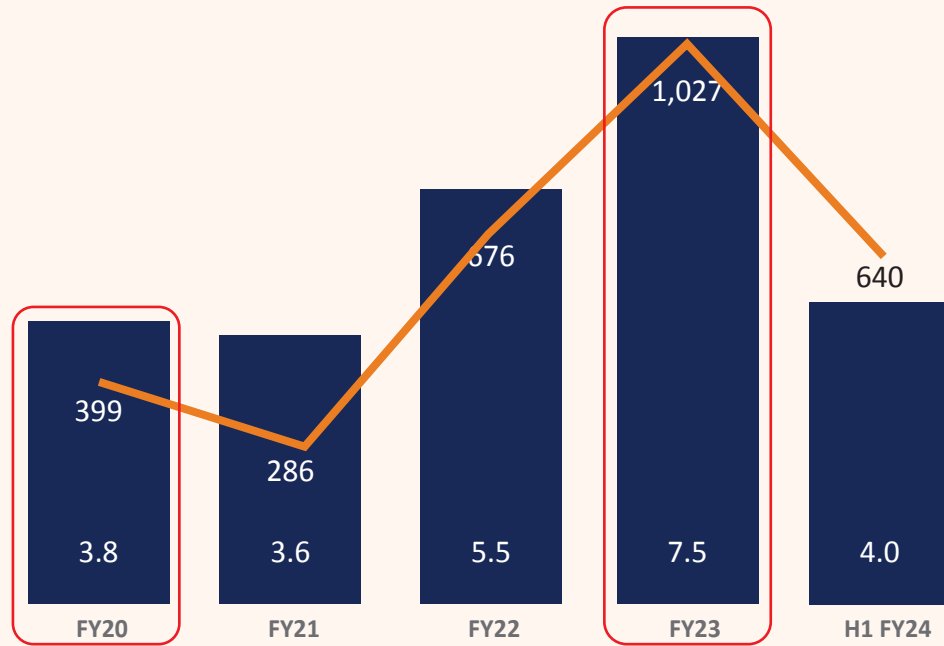
Risk reduction across states



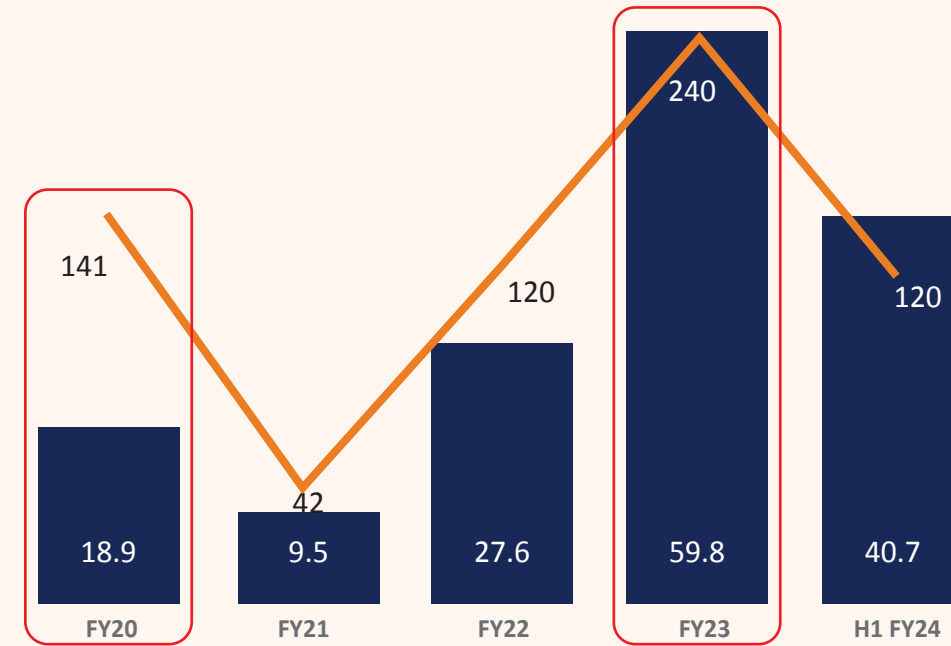
➤ Stable or Improvement in PAR 31-180% in all major States except Maharashtra and Kerala

Overall PL Originations – strong growth since FY 20

ORIGINATIONS: OVERALL PL



ORIGINATIONS: DLAI MEMBERS



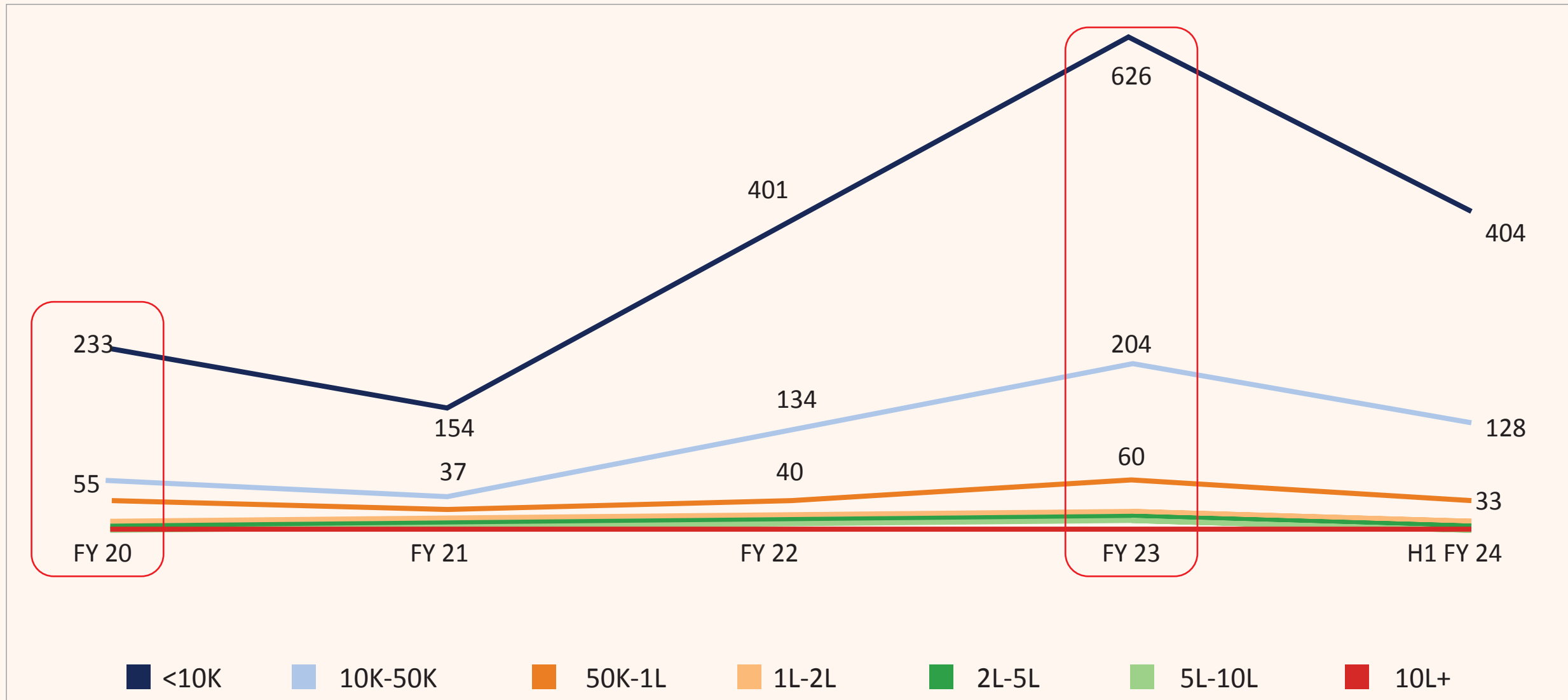
■ Originations Value (₹ L Cr) ■ Originations Volume (Lakh)

■ Originations Value (₹ K Cr) ■ Originations Volume (Lakh)

H1FY24 considers data only from Apr'23 to Sept'23

- 2X growth in Origination Value and 2.6X growth in Origination Volume from FY 20 to FY 23 in Overall PL
- For DLAI members, 3.1X Growth in Origination Value and 1.4X growth in Origination Volume from FY 20 to FY 23

Overall PL Origination Volumes by ticket size - dominated by ₹ < 50K loans

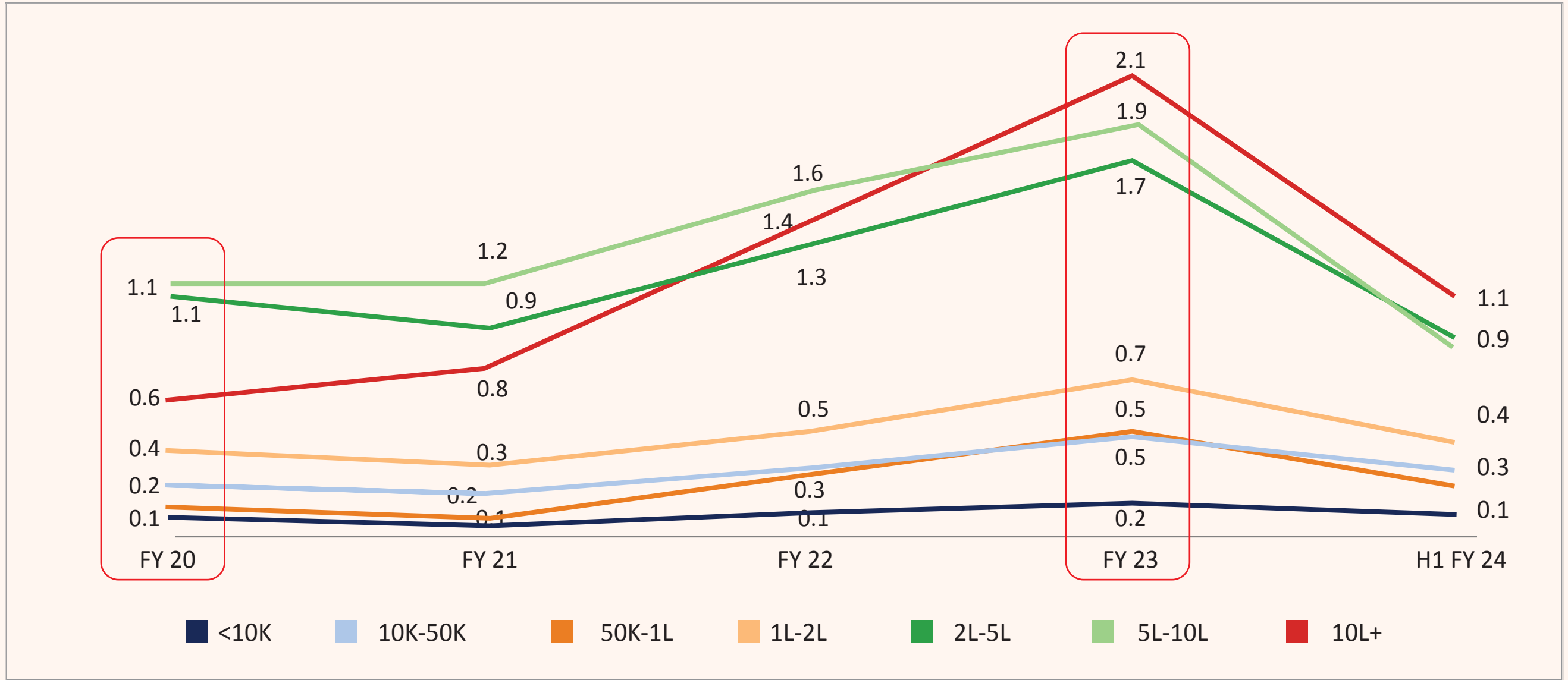


H1FY24 considers data only from Apr'23 to Sept'23

Originations Volume in Lakhs

- ▶ PL Origination Volumes dominated by <₹ 10K and ₹ 10K-50K
- ▶ 2.7X Growth in PL Origination volumes for <₹ 10K from FY 20 to FY 23 and 3.7X Growth in PL Origination Volumes for ₹ 10K-50K during same period

Overall PL Originations Value by ticket size. Higher growth for ₹ 10K-50K and ₹ 10L+ loans



H1FY24 considers data only from Apr'23 to Sept'23

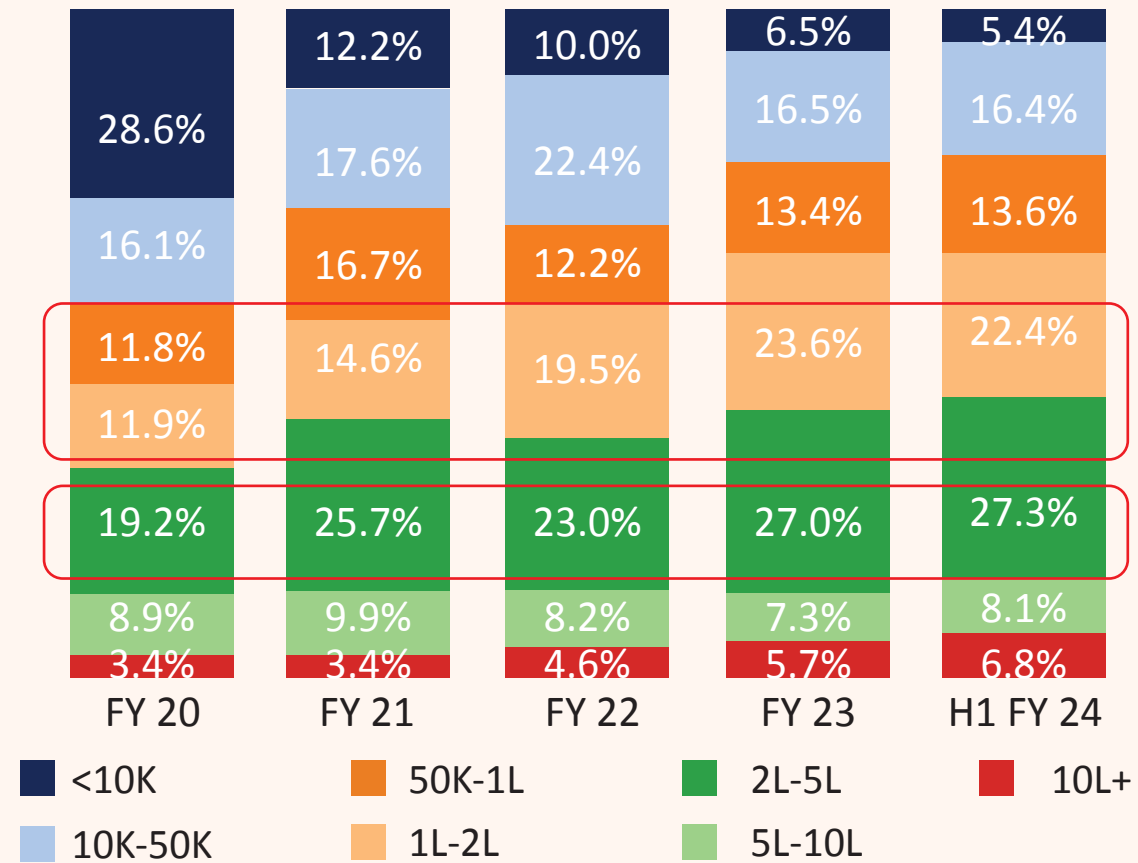
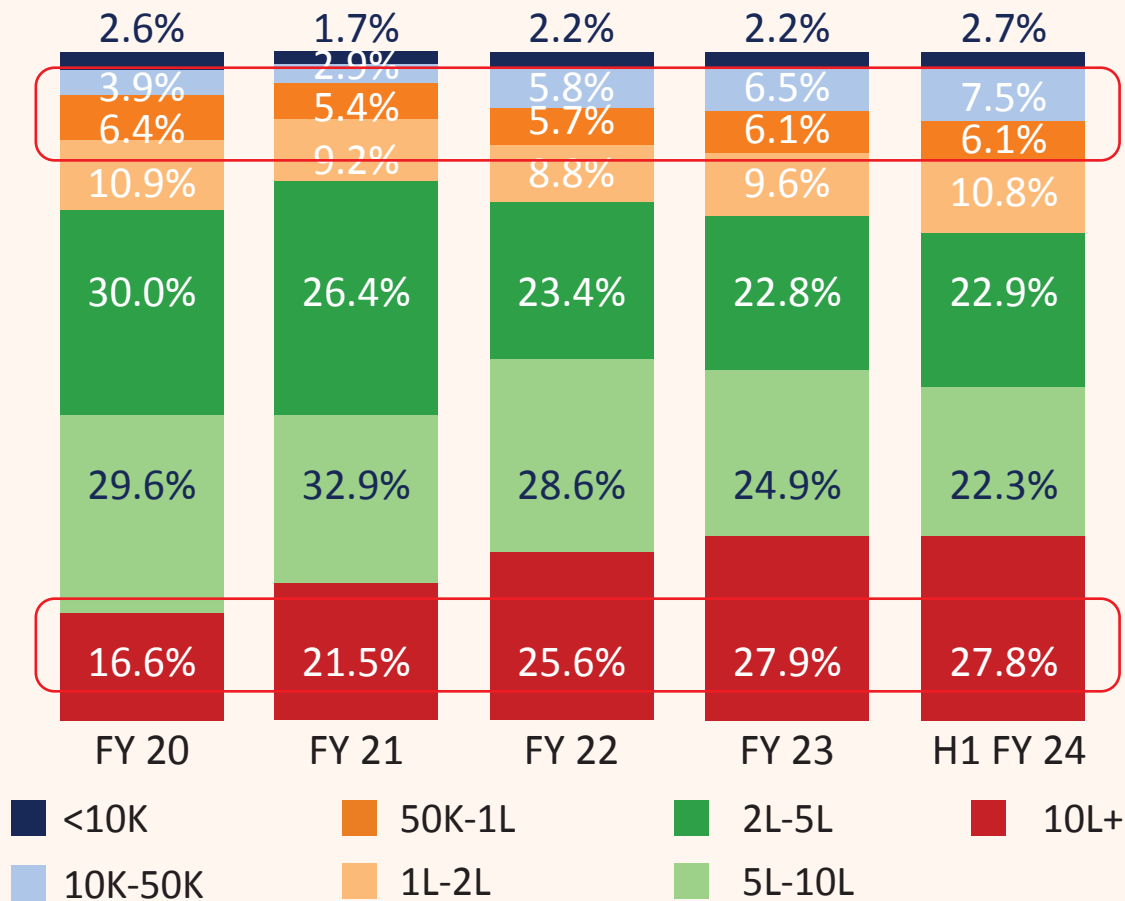
Originations Value in ₹ Lakh Cr

- PL Originations Value dominated by higher ticket size loans – ₹ 10L+, ₹ 5-10L and ₹ 2-5L
- 3.4X Growth in PL Originations Value for ₹ 10K-50K from FY 20 to FY 23 and 3.4X Growth in PL Originations Value for ₹ 10L+ during same period

Share of ₹ 1L-₹ 2L Originations Accelerates in Value for DLAI members

ORIGINATIONS VALUE: INDUSTRY

ORIGINATIONS VALUE: DLAI MEMBERS



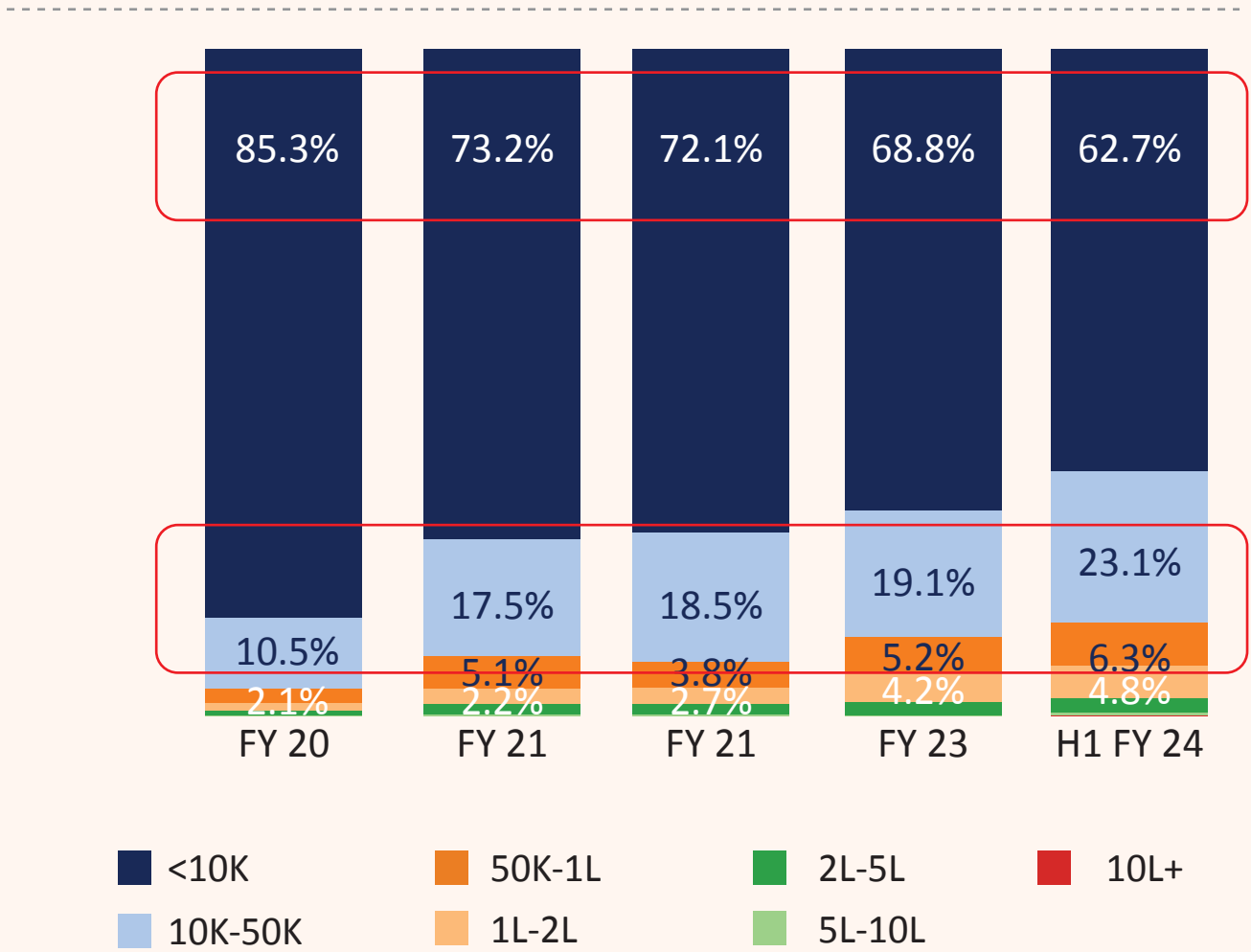
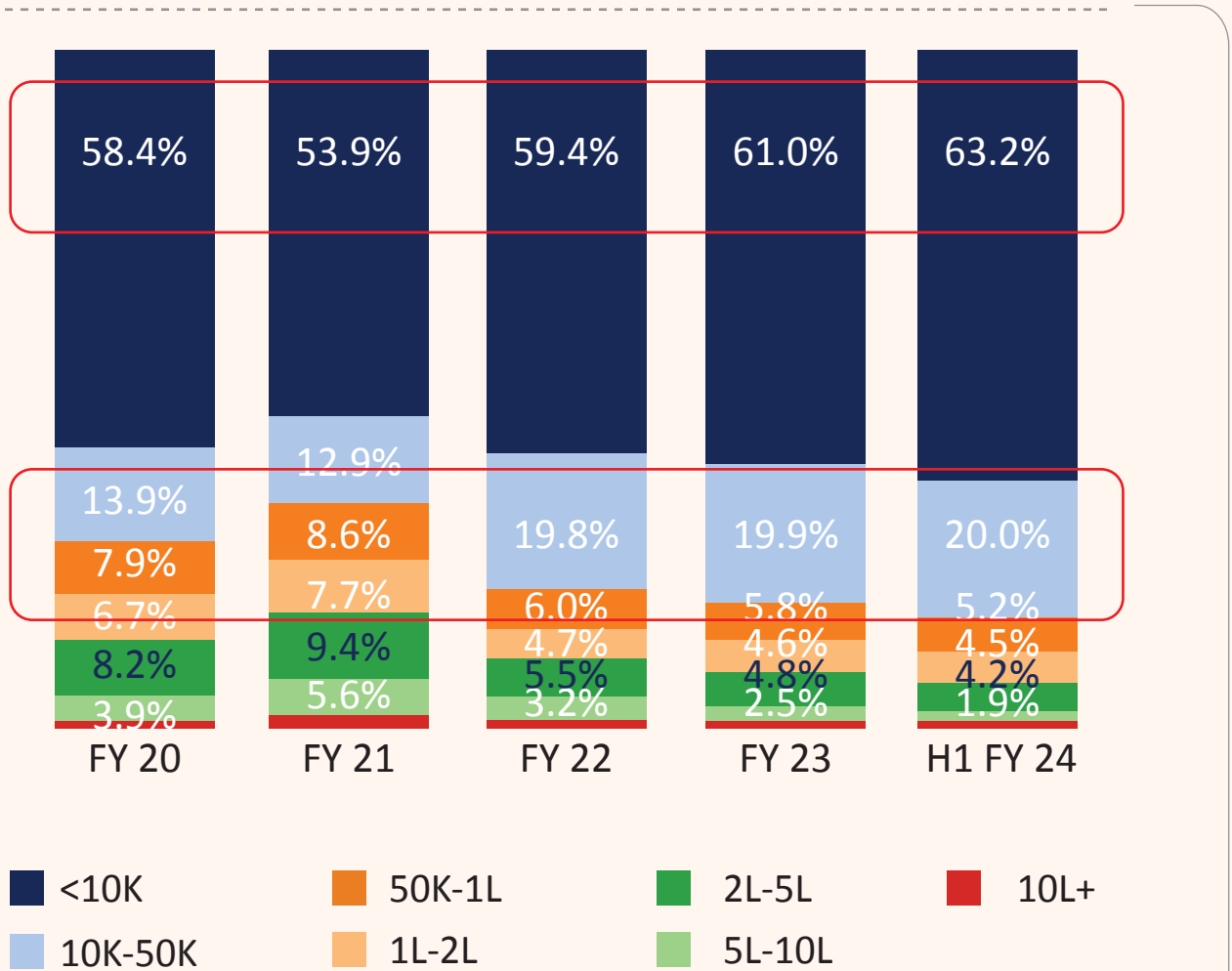
H1FY24 considers data only from Apr'23 to Sept'23

- ▶ 3.4X Growth in Origination Value for ₹ 10K-₹ 50K and ₹ 10L+ loans from FY 20 to FY 23
- ▶ For DLAI members, 6.2X Growth observed in Origination Value for ₹ 1L-₹ 2L loans and 4.4X growth for ₹ 2L-₹ 5L from FY 20 to FY 23

Share of ₹ 10K-₹ 50K Originations Accelerates in Volume

ORIGINATIONS VOLUME: INDUSTRY

ORIGINATIONS VOLUME: DLAI MEMBERS

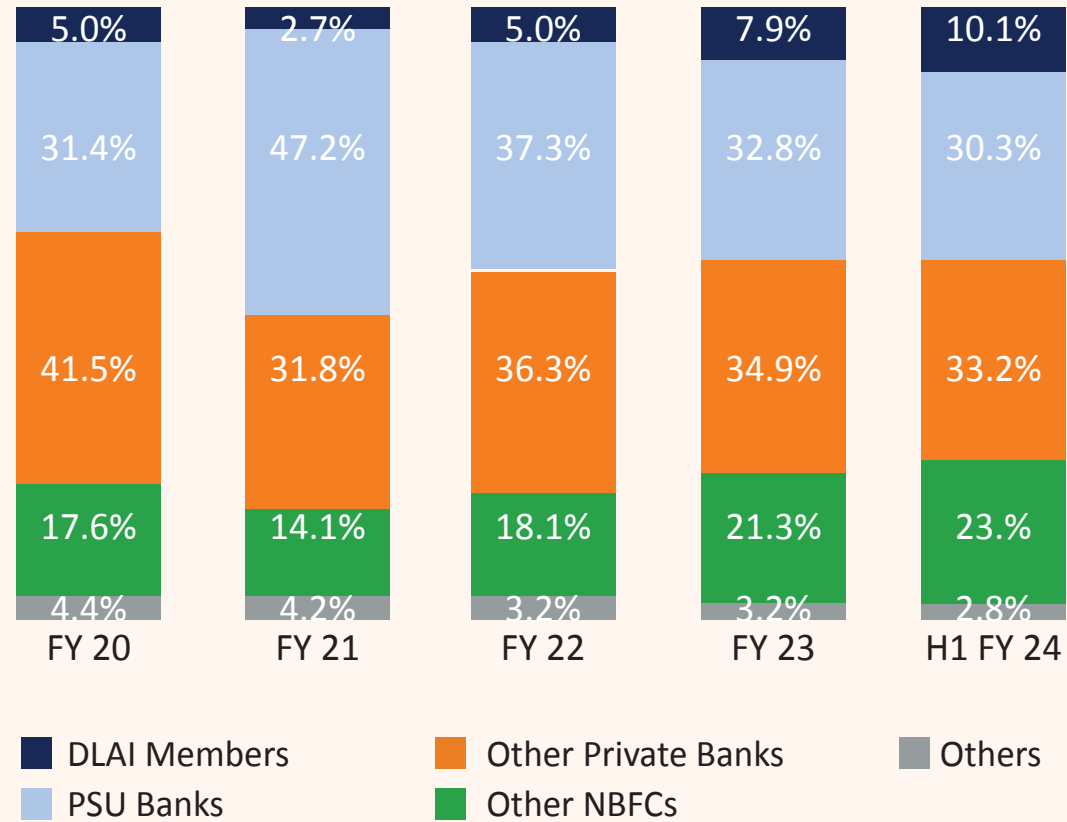


H1FY24 considers data only from Apr'23 to Sept'23

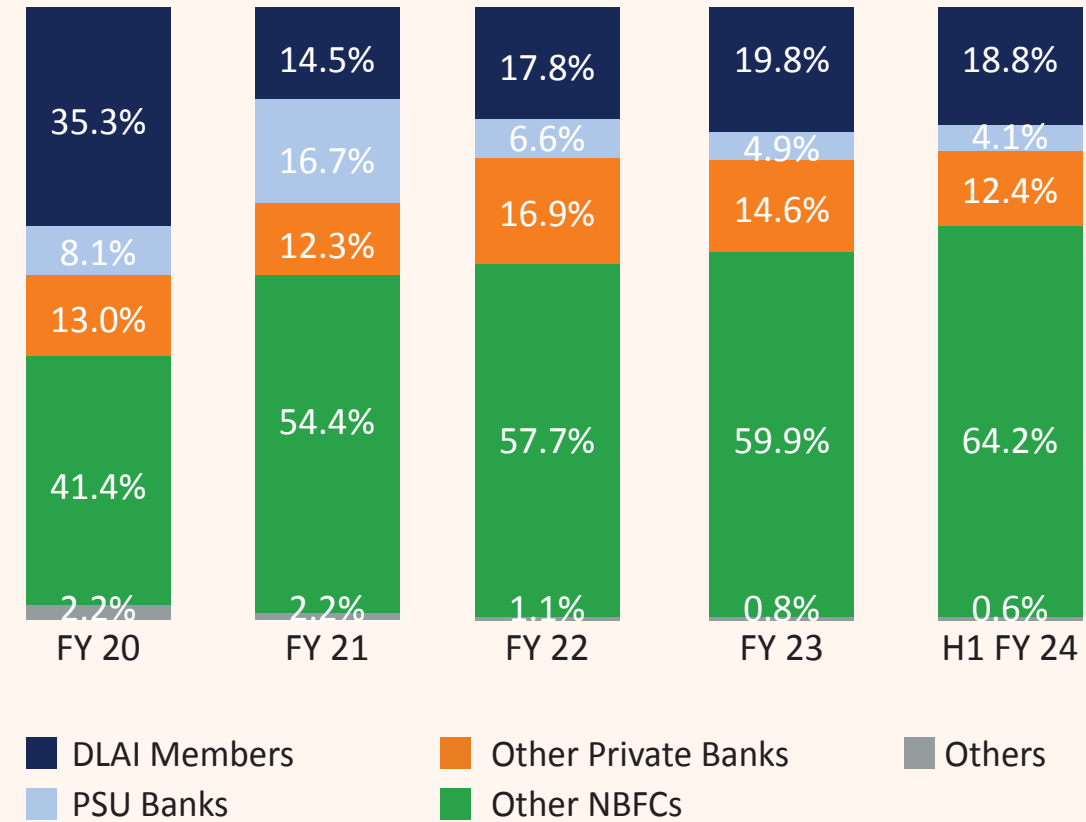
- 2.8X Growth in Origination Volume for <₹ 10K and 3.7X for ₹ 10K-₹ 50K from FY 20 to FY 23
- For DLAI members, de-growth observed in <₹ 10K loans. 2.6X Growth in Origination Volume for ₹ 10K-₹ 50K loans from FY 20 to FY 23

Growing dominance of NBFCs in Originations

ORIGINATIONS VALUE: BY LENDER TYPE



ORIGINATIONS VOLUME: BY LENDER TYPE



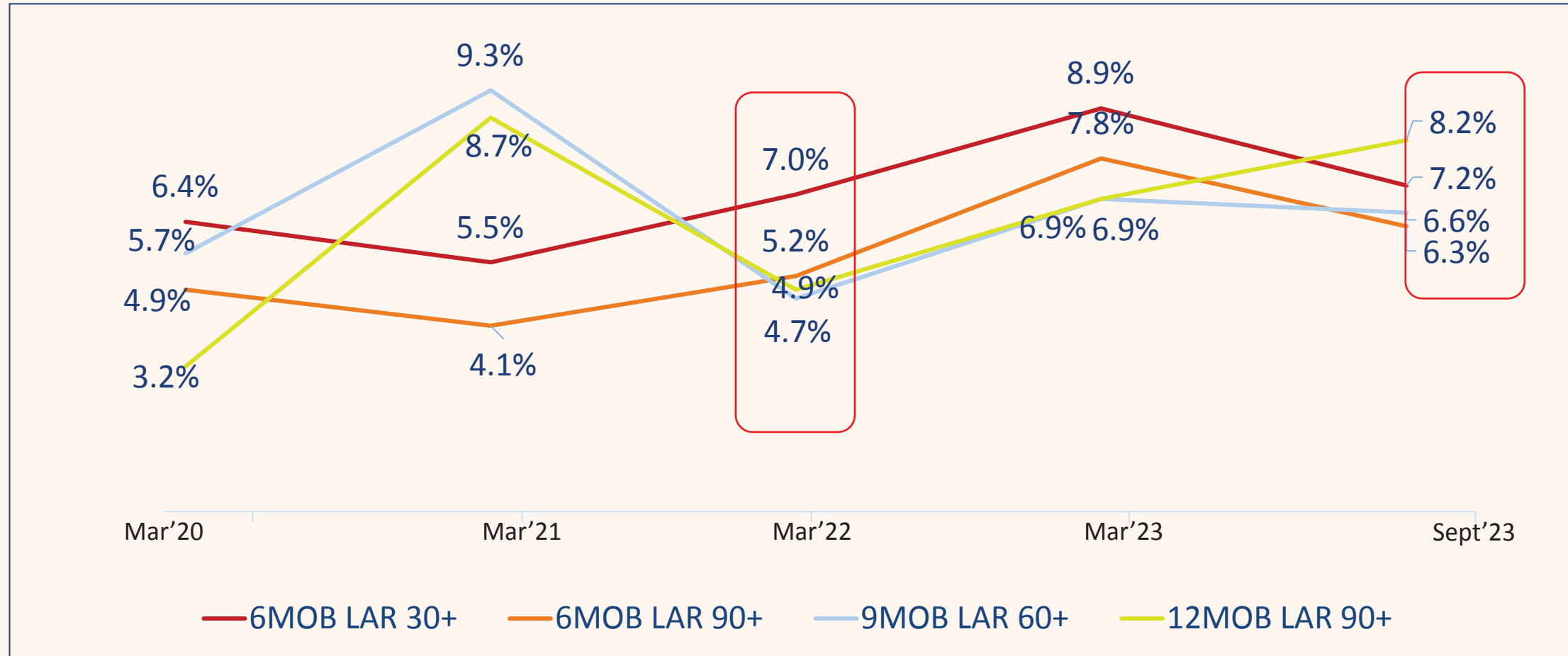
H1FY24 considers data only from Apr'23 to Sept'23

- Increasing Share of DLAI Members and Other NBFCs
- Declining share of Banks

- Increasing Share of Other NBFCs
- Pvt Banks holding their share

Deteriorating Sourcing Quality Compared To Mar'22

DELINQUENCY MOVEMENT- OVERALL PERSONAL LOANS

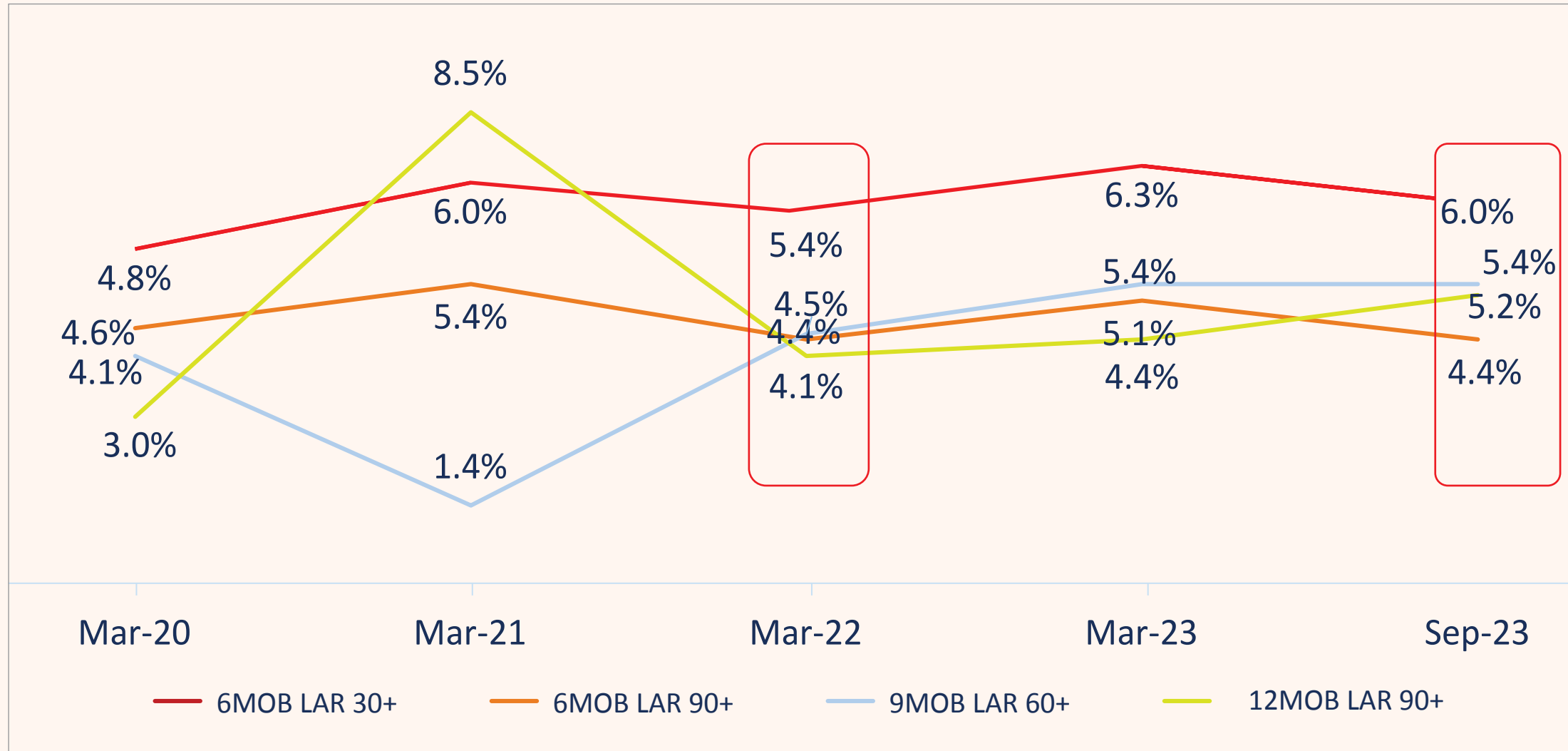


- Lagged Delinquency (6/9/12 MOB LAR 30+/60+/90+) denotes count of loans in 30+/60+/90+ DPD after 6/9/12 months of sourcing. This KPI denotes quality of new originations
- Deteriorated sourcing quality in Overall Personal Loans in Mar'23 and Sept'23 compared to Mar'22
- Improved 6 MOB LAR 30+, 6 MOB LAR 90+ and stable 9 MOB LAR 60+ from Mar'23 to Sept'23



Sourcing Quality of DLAI members is better than Industry

DELINQUENCY MOVEMENT - DLAI Members

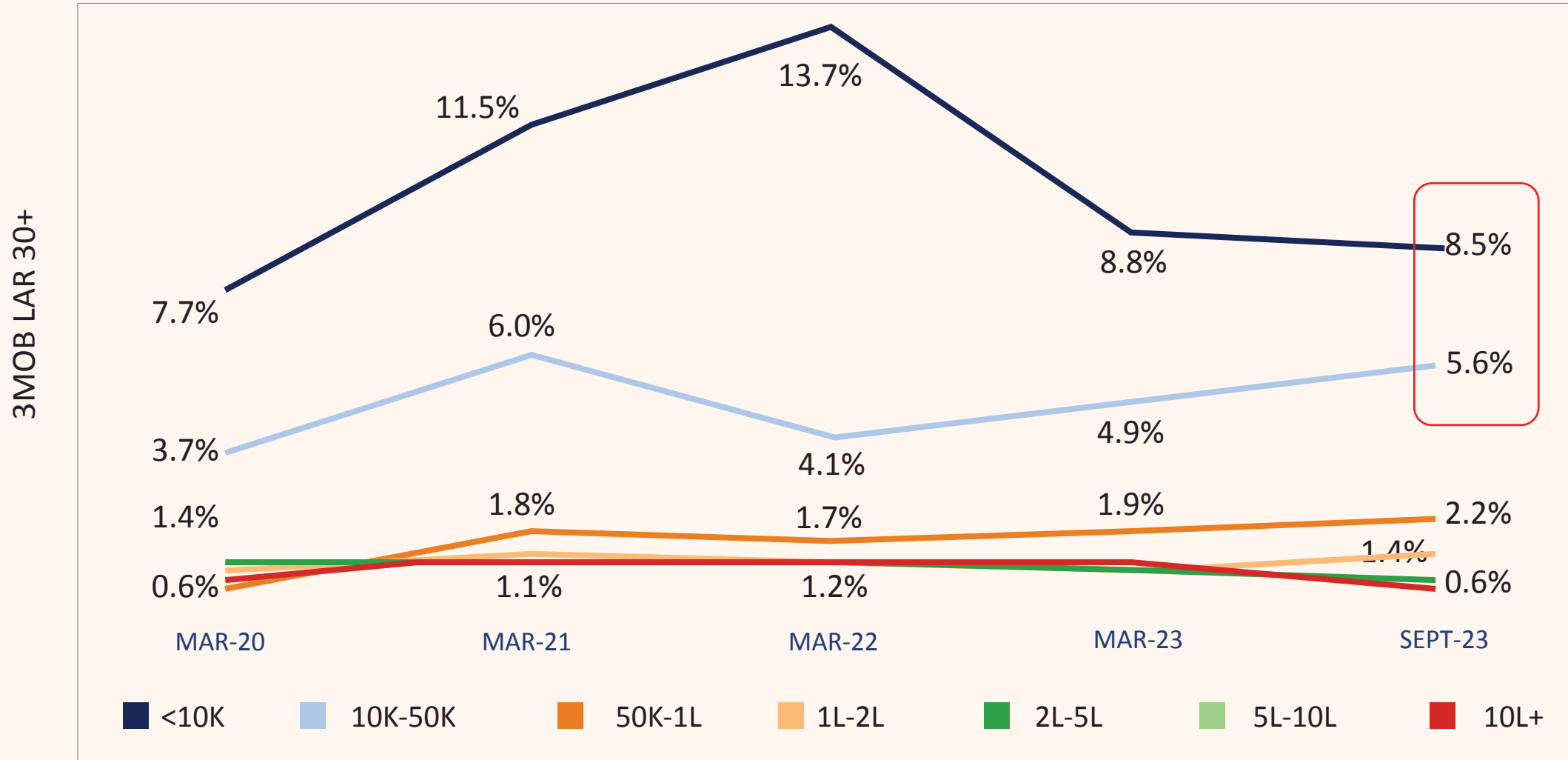


- ▶ 6/9/12 MOB LAR 30+/60+/90+ denotes count of loans in 30+/60+/90+ DPD after 6/9/12 months of sourcing. This KPI denotes quality of new Originations
- ▶ Deteriorated sourcing quality in Overall Personal Loans in Mar'23 and Sept'23 compared to Mar'22
- ▶ Improved/Stable 6 MOB LAR 30+, 6 MOB LAR 90+ and 9 MOB LAR 60+ from Mar'23 to Sept'23



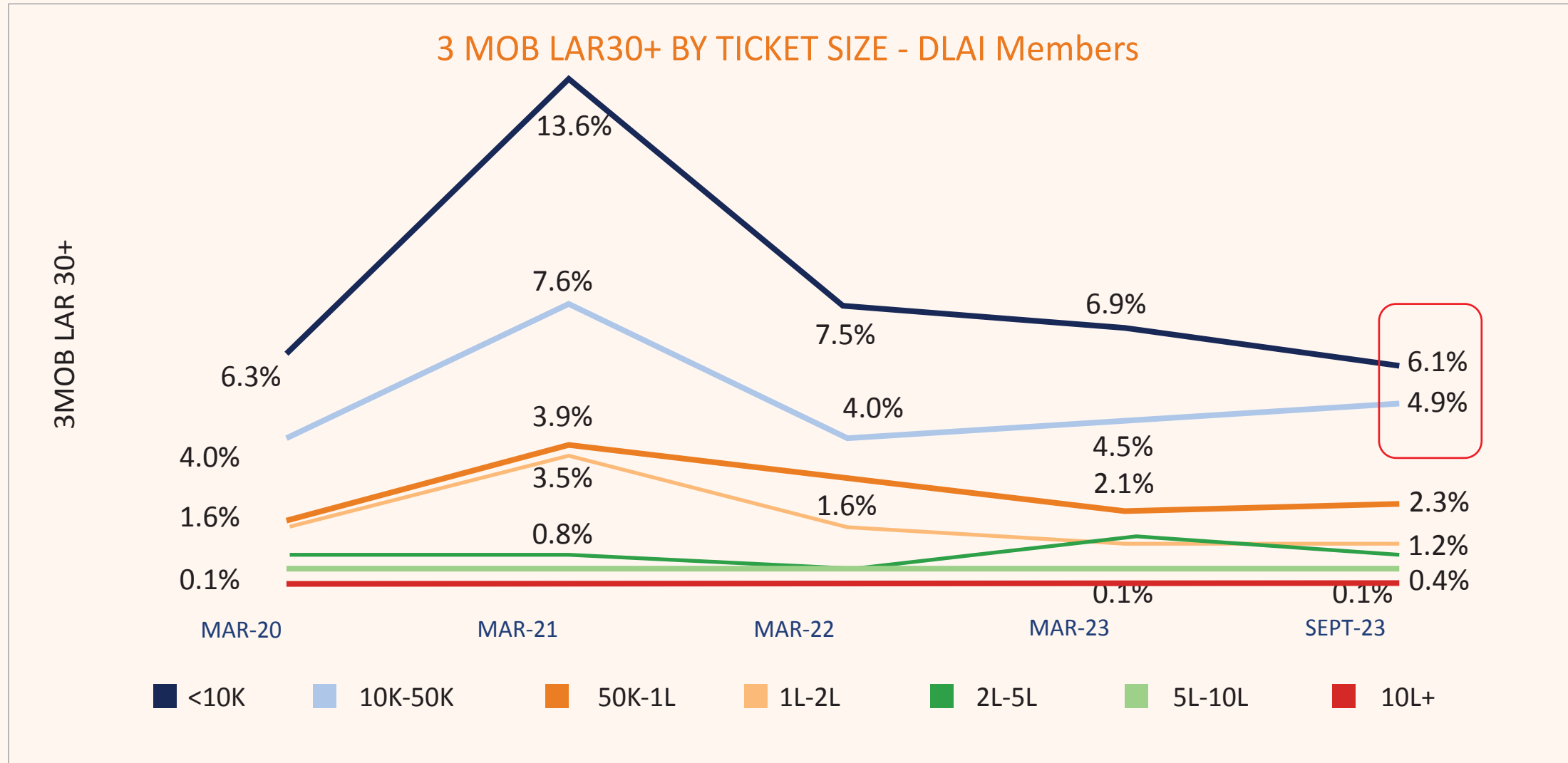
Deteriorating Sourcing Quality of ₹ 10K-₹ 50K & ₹ 50K- ₹ 1L Personal Loans

3 MOB LAR30+ BY TICKET SIZE - Overall Personal Loans



- 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing. This KPI denotes count of loans that missed atleast 2 out of initial 3 EMIs
- As of Sept'23, 8.5% of <₹ 10K and 5.6% of ₹ 10K-₹ 50K loans are in 30+ DPD after 3 months of sourcing.
- Portfolio at risk represented by higher 3 MOB LAR 30+ for ticket sizes ₹ <10K and ₹ 10K-50K is ₹ 1083 Cr. This denotes higher Early Delinquency for these loans

Sourcing Quality of DLAI members is better than Industry



- ▶ 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing. This KPI denotes count of loans that missed atleast 2 out of initial 3 EMIs
- ▶ As of Sept'23, 6.1% of <₹ 10K and 4.9% of ₹ 10K-₹ 50K loans are 30+ DPD after 3 months of sourcing. This denotes higher Early Delinquency for these loans





Short Term Personal Loans in India –A Deep Dive

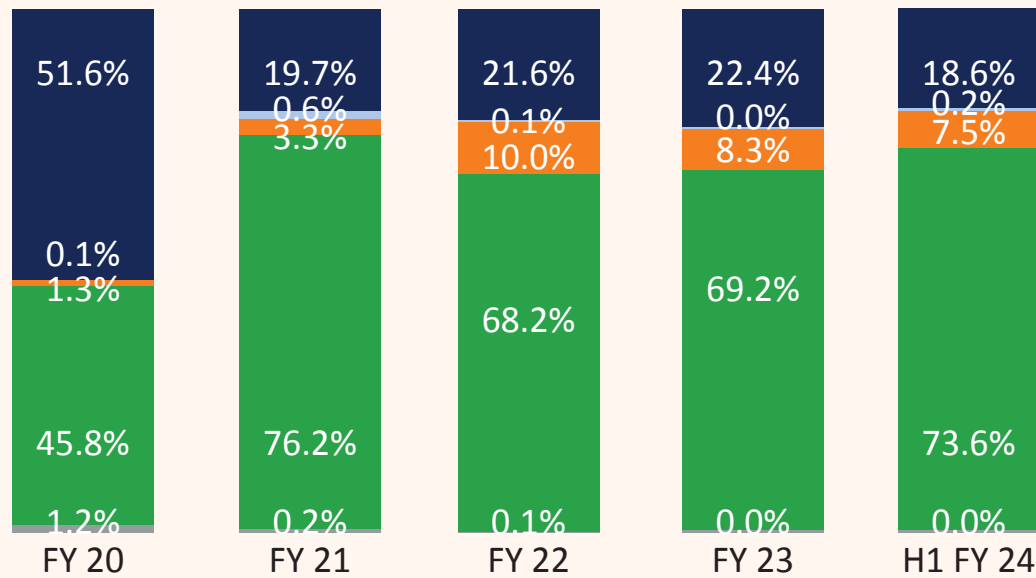


Growing Presence of Private Banks in STPL Loans

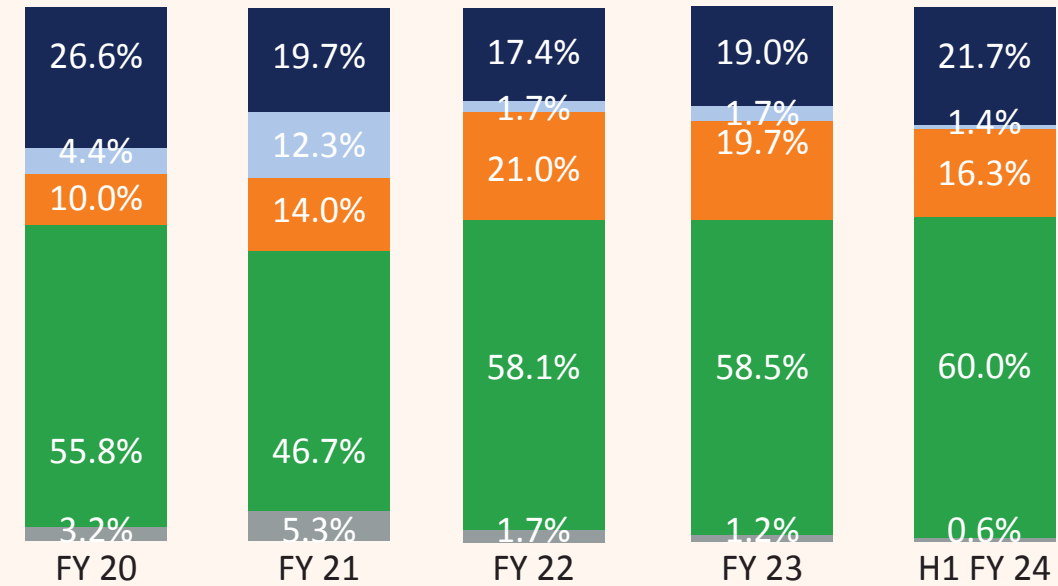
ORIGINATIONS VOLUME: BY LENDER TYPE

ORIGINATIONS VOLUME: BY LENDER TYPE

Originations Volume <10K



Originations Volume 10K-50K



■ DLAI Members
 ■ Other Private Banks
 ■ PSU Banks
 ■ Other NBFCs
 ■ Others

■ DLAI Members
 ■ Other Private Banks
 ■ PSU Banks
 ■ Other NBFCs
 ■ Others

H1FY24 considers data only from Apr'23 to Sept'23

- ▶ Dominated by NBFCs
- ▶ Increasing Share of Private Banks

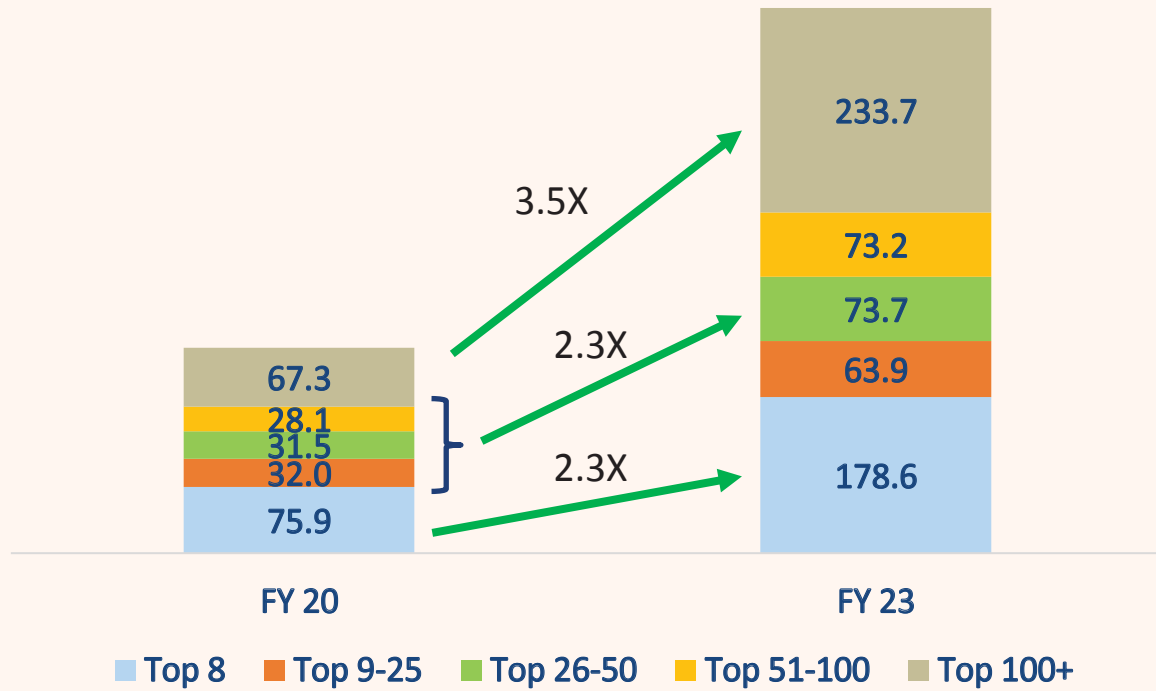
- ▶ Dominated by NBFCs
- ▶ Increasing Share of Private Banks

Performance of Pvt Banks and Other NBFCs is inclusive of performance of Loan Service Providers (LSPs) that may have originated these loans

Growth coming from Beyond Top 100 Cities

ORIGINATIONS VOLUME

Ticket Size: <₹ 10K

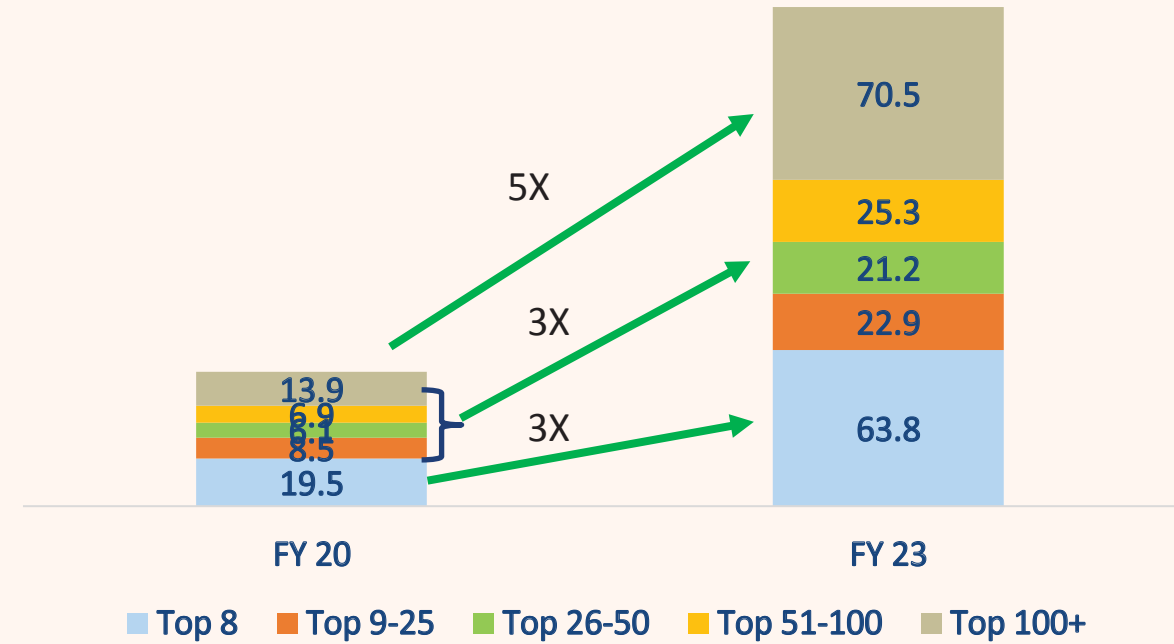


Number of Loans Disbursed in Lakhs

- ▶ 2.3X Growth for Top 8 and Top 9-100 cities
- ▶ 3.5X Growth from Beyond Top 100 Cities

ORIGINATIONS VOLUME

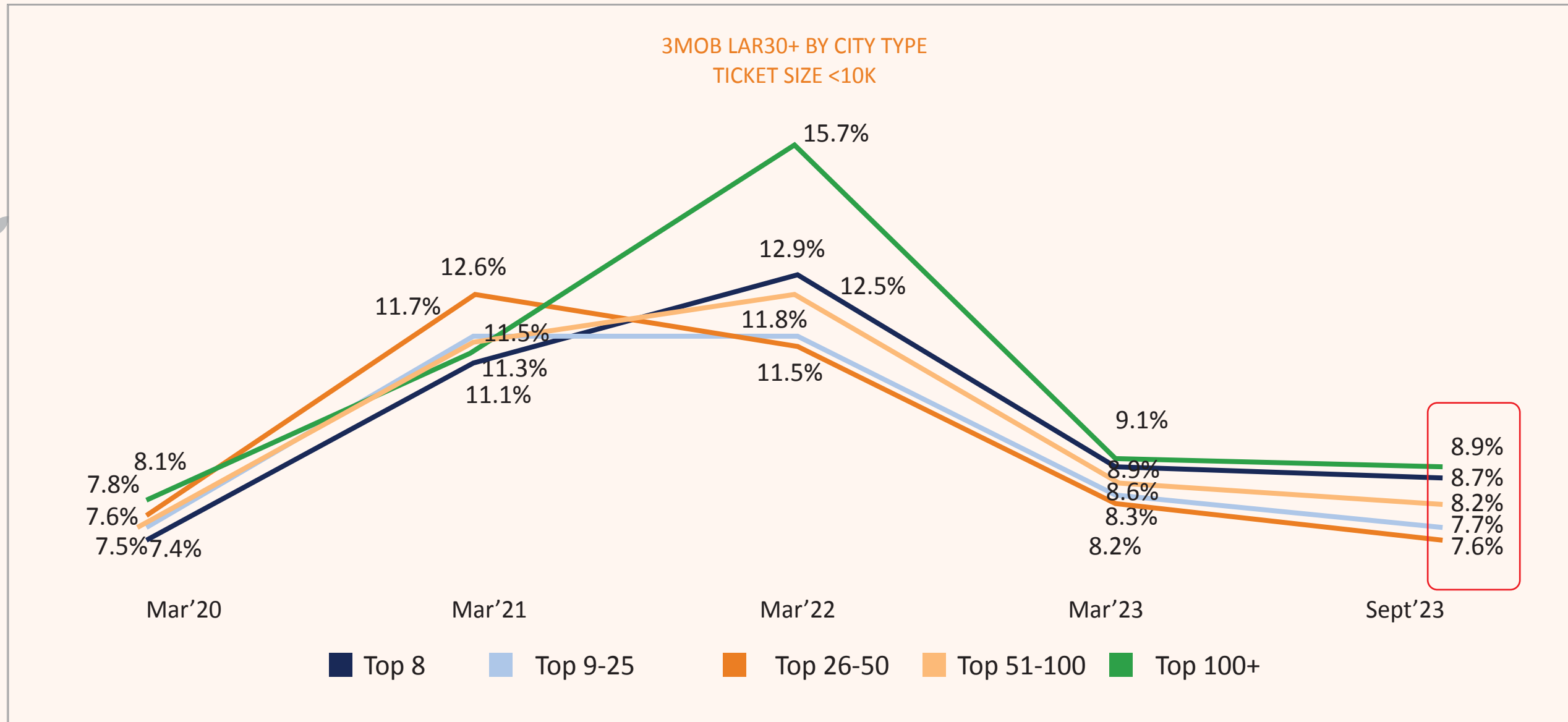
Ticket Size: ₹ 10K-₹ 50K



Number of Loans Disbursed in Lakhs

- ▶ 3X Growth for Top 8 and Top 9-100 cities
- ▶ 5X Growth from Beyond Top 100 Cities

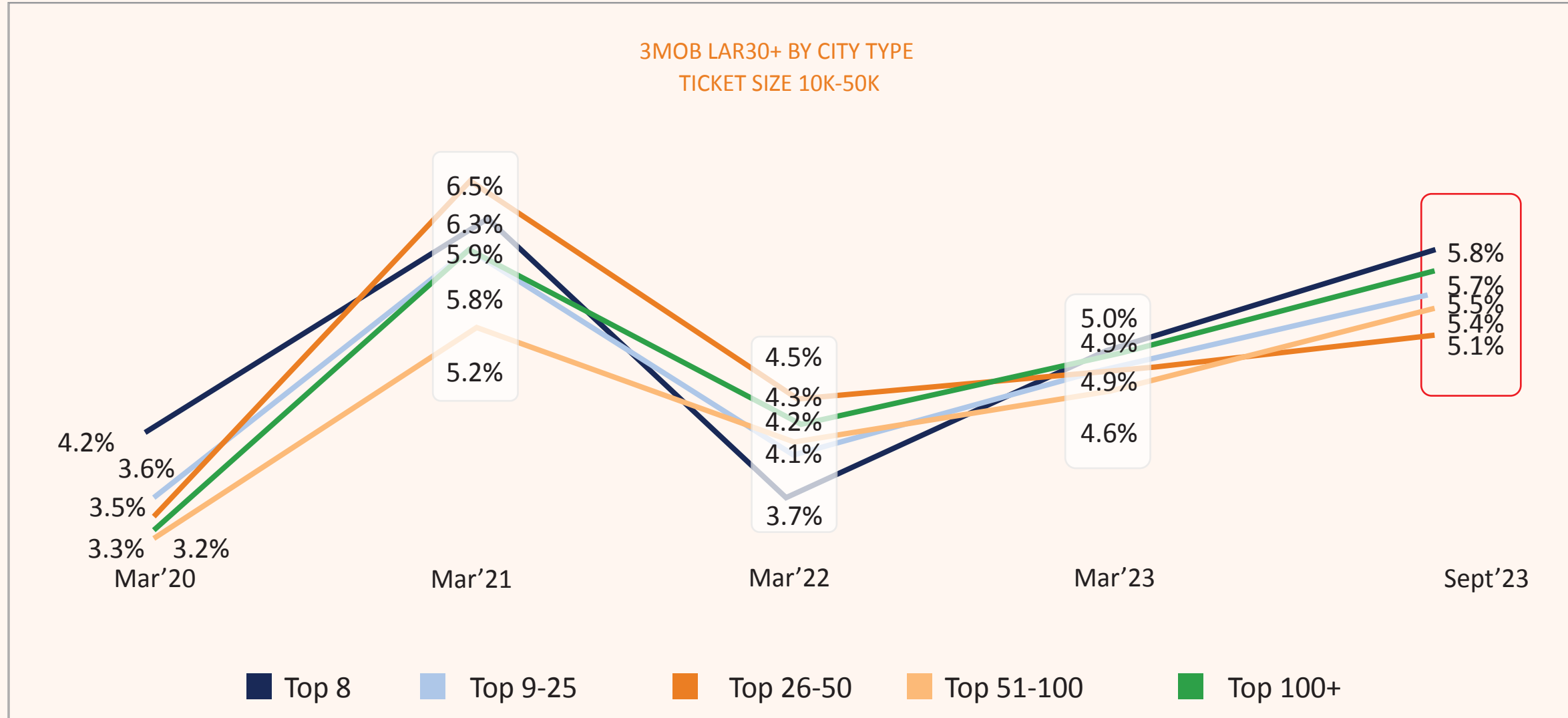
<₹ 10K Loans: Newer geographies with less saturation are operating at similar risk



- ▶ 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing.
This KPI denotes count of loans that missed atleast 2 out of initial 3 EMIs and measures sourcing quality
- ▶ As of Sept'23, Beyond Top 100 have similar levels of sourcing quality as Top 8, Top 9-25, Top 26-50 and Top 51-100 cities

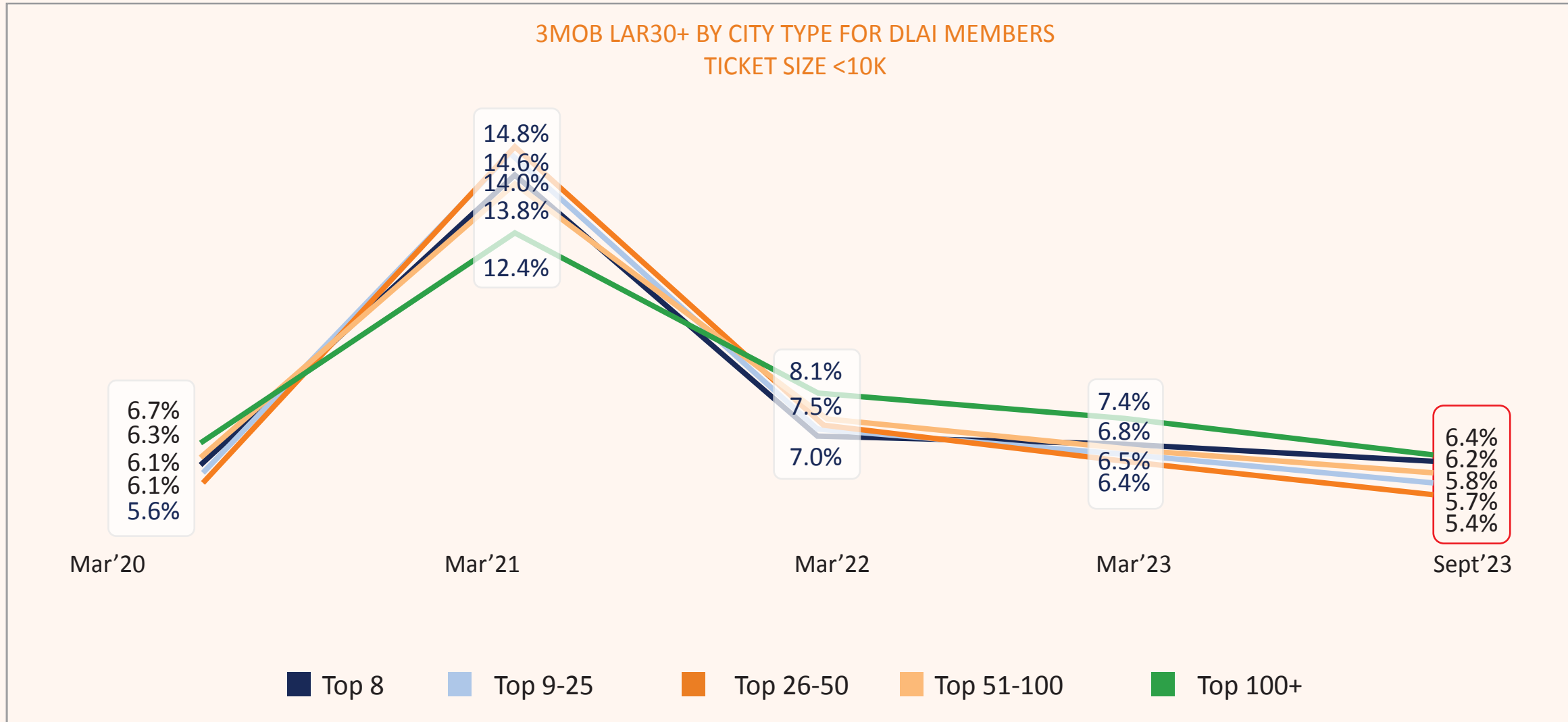


₹ 10K-₹ 50K Loans: Newer geographies with less saturation are operating at similar risk



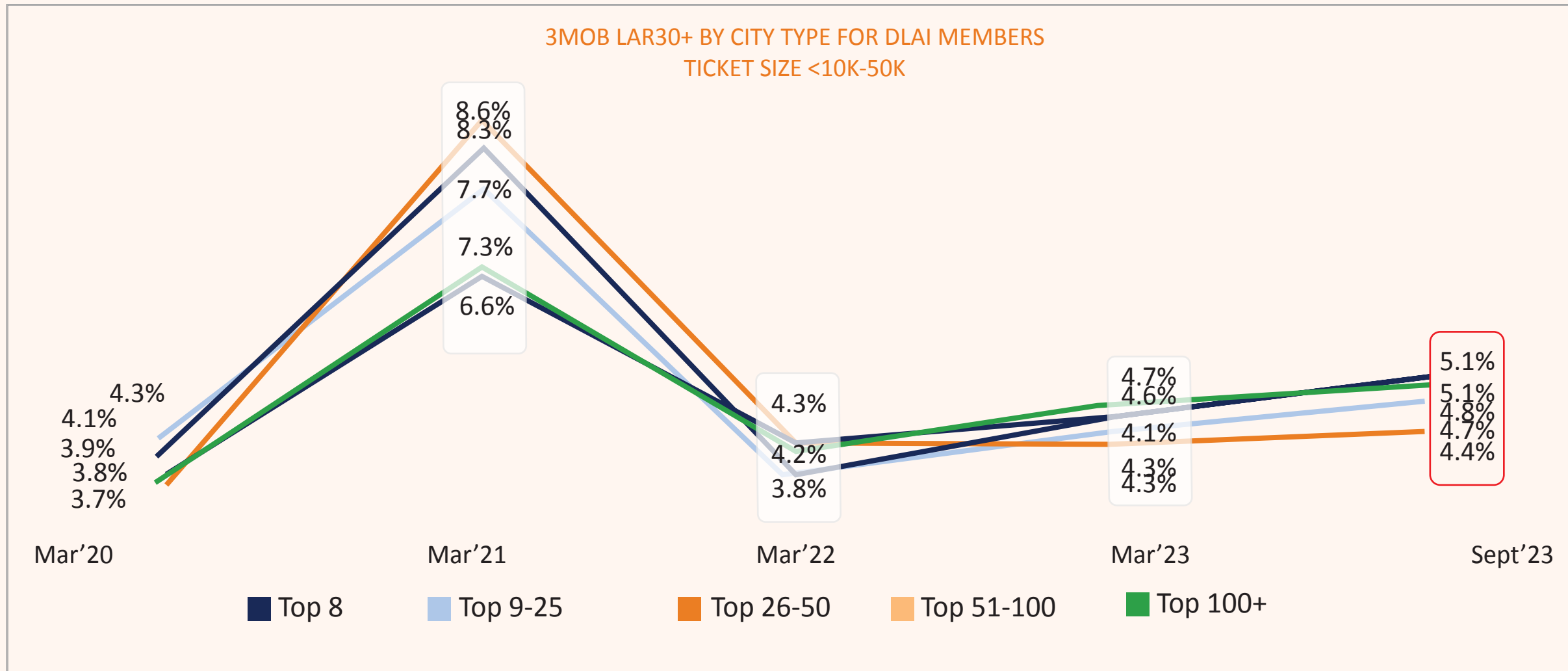
- 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing. This KPI denotes count of loans that missed at least 2 out of initial 3 EMIs and measures sourcing quality
- As of Sept'23, Beyond Top 100 have similar levels of sourcing quality as Top 8, Top 9-25, Top 26-50 and Top 51-100 cities

<₹ 10K Loans for DLAI Members: Sourcing quality of DLAI members is better than Industry



- 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing. This KPI denotes count of loans that missed at least 2 out of initial 3 EMIs and measures sourcing quality
- As of Sept'23, Beyond Top 100 have similar levels of sourcing quality as Top 8, Top 9-25, Top 26-50 and Top 51-100 cities

₹ 10K-₹ 50K Loans For DLAI Members: Sourcing Quality of DLAI members is better than Industry



- 3 MOB LAR 30+ denotes count of loans in 30+ DPD after 3 months of sourcing. This KPI denotes count of loans that missed at least 2 out of initial 3 EMIs and measures sourcing quality
- As of Sept'23, Beyond Top 100 have similar levels of sourcing quality as Top 8, Top 9-25, Top 26-50 and Top 51-100 cities

Abbreviations




HL	Home Loans
BL	Business Loans
PL	Personal Loans (Ticket Size >₹ 50K)
LAP	Loan Against Property
Agri	Agricultural loans (Kisan Credit Cards, Tractor Loans)
GL	Gold Loans
AL	Auto Loans
CVL	Commercial Vehicle Loans
MFI	Microfinance Loans
CC	Credit Cards
EL	Education Loans
TW	Two Wheeler Loans
UCL	Used Car Loans
CD	Consumer Durable Loans
STPL	Personal Loans (Ticket Size <=₹ 50K)



Abbreviations

AN	ANDAMAN & NICOBAR ISLANDS	JK	JAMMU & KASHMIR	TN	TAMIL NADU
AP	ANDHRA PRADESH	KA	KARNATAKA	TR	TRIPURA
AR	ARUNACHAL PRADESH	KL	KERALA	TS	TELANGANA
AS	ASSAM	LD	LAKSHADWEEP	UK	UTTARANCHAL
BR	BIHAR	MH	MAHARASHTRA	UP	UTTAR PRADESH
CG	CHHATTISGARH	ML	MEGHALAYA	WB	WEST BENGAL
CH	CHANDIGARH	MN	MANIPUR		
DD	DAMAN & DIU	MP	MADHYA PRADESH		
DL	DELHI	MZ	MIZORAM		
DN	DADRA & NAGAR HAVELI	NL	NAGALAND		
GA	GOA	OR	ORISSA		
GJ	GUJARAT	PB	PUNJAB		
HP	HIMACHAL PRADESH	PY	PONDICHERY		
HR	HARYANA	RJ	RAJASTHAN		
JH	JHARKHAND	SK	SIKKIM		

About CRIF High Mark



CRIF High Mark is an RBI licensed credit bureau in India that commenced its bureau operations in March 2011. CRIF High Mark offers Credit Bureau Information and Identification and anti-fraud services. It is India's first full service credit information bureau which provides comprehensive information solutions for all borrower segments – MSME and Commercial borrowers, Retail consumers, and Microfinance borrowers. With the databases of individuals and businesses from over 5,000 financial institutions CRIF High Mark provides credit information services and supports millions of lending decisions every month.


CRIF High Mark is part of CRIF S.p.A. a global company headquartered in Bologna, Italy. CRIF is a global company specializing in credit & business information systems, analytics, outsourcing and processing services, as well as advanced digital solutions for business development and open banking. CRIF is ranked amongst the prestigious top 100 IDC Fintech Rankings. Globally, CRIF operates in 39 countries with more than 10,000 financial institutions and over 600 insurance companies. CRIF's services are used by over 90,000 companies and more than 1,000,000 consumers.

Disclaimer:

This report contains only aggregate level information. It does not contain any Credit Information and shall not be construed as Credit Information Report or part thereof. The analysis in this report is based on Credit Information in CRIF High Mark's database. The results are NOT to be construed or used as a "legal description". CRIF High Mark strives to keep its data accurate and up to date but does not guarantee its accuracy. CRIF High Mark does not assume any liability for any errors, omissions, or inaccuracies in the data provided regardless of the cause of such or for any decision made, action taken, or action not taken by the user in reliance upon any data provided herein. The contents of the report shall not be reproduced in part or whole without permission from CRIF High Mark Credit Information Services Pvt. Ltd. The opinions expressed herein are those of the author. Its contents, therefore, do not represent any commitment between CRIF High Mark and the recipient(s) and no liability or responsibility is accepted by CRIF High Mark for the content herein.



ABOUT DLAI



Digital Lenders Association of India (DLAI) is a national level premier industry association which was established in October 2016. Incorporated as a not-for-profit, section 8 company duly registered with Ministry of Corporate Affairs, Government of India, its registered office is in Bengaluru, Karnataka. DLAI functions as a deemed Self-Regulatory Organisation (SRO) for digital lenders and is committed to strengthen conduct of business part of regulations viz responsible lending practices, consumer protection, and responsible innovations in the digital lending space. DLAI represents a diverse set of financial institutions in digital lending space (Universal Banks, NBFCs, Credit Information Companies, Platform Lenders, LSPs, Fintech firms etc.). At present DLAI has close to 100 active members out of which 85 are lenders and others being technology, consulting and other ecosystem enabler institutions. DLAI adheres to the highest standards of corporate governance, it has 33% of independent directors on its board and the Chairman of the board is an Independent director.

The primary objective of DLAI is to establish ethical and transparent lending practices within the Fintech space. By developing and promoting an Industry Code of Conduct (COC), DLAI ensure that its members adhere to the highest standards of customer service, data privacy, and fair lending practices. This commitment to responsible lending is instrumental in building trust among consumers and regulators alike.

DLAI actively engages with external stakeholders like policymaker, regulatory bodies, actors of civil society, customers of Fintech Services etc. to obtain and provide insights and recommendations that contribute to the formulation of policies which are conducive to the growth of digital lending while safeguarding the interests of borrowers. This collaborative approach helps in creating an environment that balances innovation with regulatory compliance, fostering a sustainable and inclusive financial ecosystem.

DLAI also serves as an educational hub which organizes workshops, seminars, and conferences to disseminate knowledge and insights about digital lending trends, technologies, and regulatory developments. This emphasis on continuous learning not only benefits DLAI members but also contributes to the overall advancement of the digital lending sector in India.

As digital lending continues to evolve, DLAI remains at the forefront of shaping the industry's development and represents customer centric and industry views. DLAI's commitment to fostering responsible lending practices, advocating for regulatory clarity, and promoting collaboration positions it as a key player in driving the positive transformation of India's digital lending landscape. In essence, DLAI serves as a cornerstone for the industry, championing ethical conduct, innovation, and inclusivity in the rapidly expanding domain of digital lending in India.



Analytical Contacts

ANALYTICAL CONTACTS

SRIKANTH GOLI

Vice President,
Research & Insights

✉ srikant.goli@crifhighmark.com

JAY TRIPATHI

Associate Director -
Public Policy

✉ jaytripathi@dlai.in

Reach us at

research@crifhighmark.com

for any queries

Stay updated with Insights, follow us on



www.crifhighmark.com