

FACETS



Disbursement trends from FACE members, Q2 FY 22-23

Issue 4



Notes



In this brief issue, we present data on disbursements for the latest quarter (Q2 FY 22-23) from FACE members and trends with respect to the comparable quarter of the last financial year (Q2 FY 21-22) and the previous quarter (Q1 FY 22-23).

Due to covid induced challenges, fintech/digital lending has seen an uneven ride in the last two financial years with choppy business trends. However, as covid challenges subside from Q2 FY 21-22, we are seeing a fairly consistent journey upwards.

The fintech lending industry comes with ever-increasing diversity and our members are no different. Amongst them, we see notable variations in terms of scale, growth, ticket sizes and pricing.

The report has data from 21 FACE members directly lending to customers either as a balance sheet lender and/or as a platform working with balance sheet lenders (mostly NBFCs). On the basis of an [industry report](#) capturing fintech lending volumes, we estimate that FACE members account for over 50% of the retail non-bank fintech/digital consumer lending industry. And therefore, the data presented is broadly representative.

Please note that charts assign a number for a lender but a different number for the same lender in various charts.

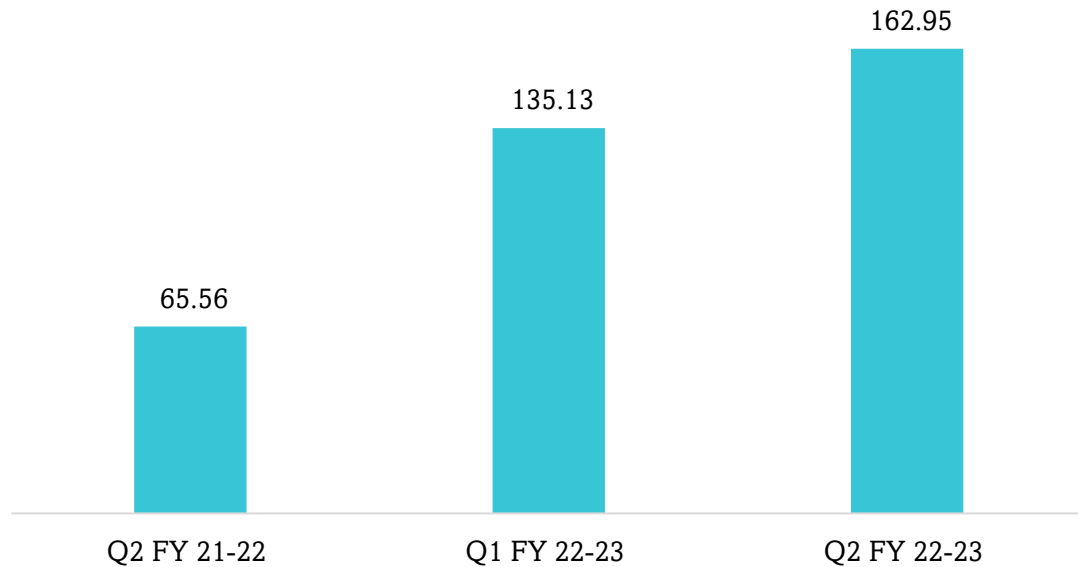
We thank our members for their trust in sharing data to prepare this report.

Disbursements

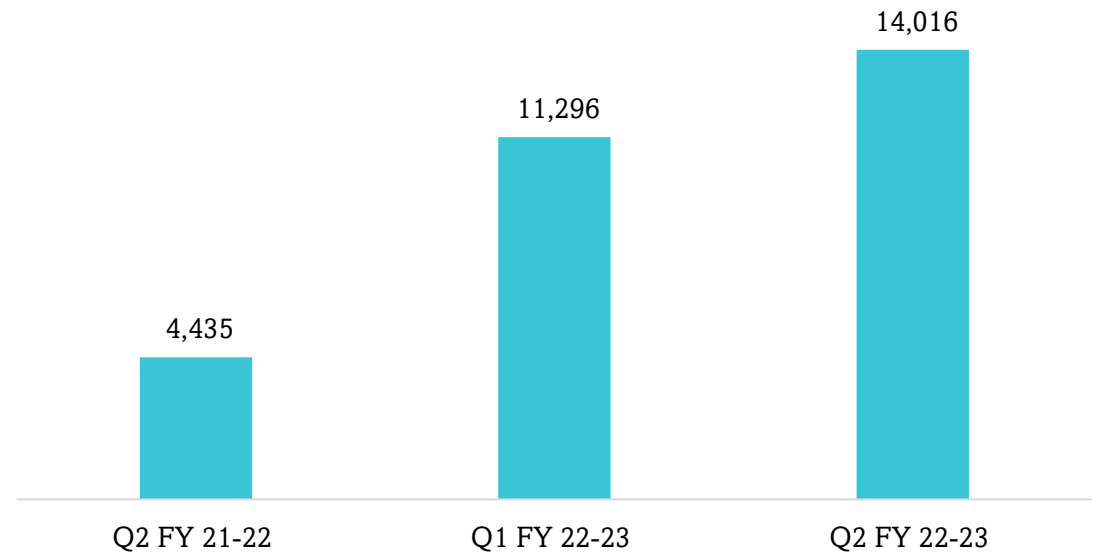


On an aggregated basis, member companies reported disbursing over 1.6 Cr loans totalling 14,016 Cr. From the tepid recovery in Q3 FY 21-22 in the backdrop of the second wave of covid, we are seeing robust growth. Regulatory clarity and certainty are coming with the release of Digital Lending Guidelines in the Q2 FY 22-23 gives further fillip to the industry to move with confidence and create customer journeys following customer protection standards.

Disbursement volume, Lakhs

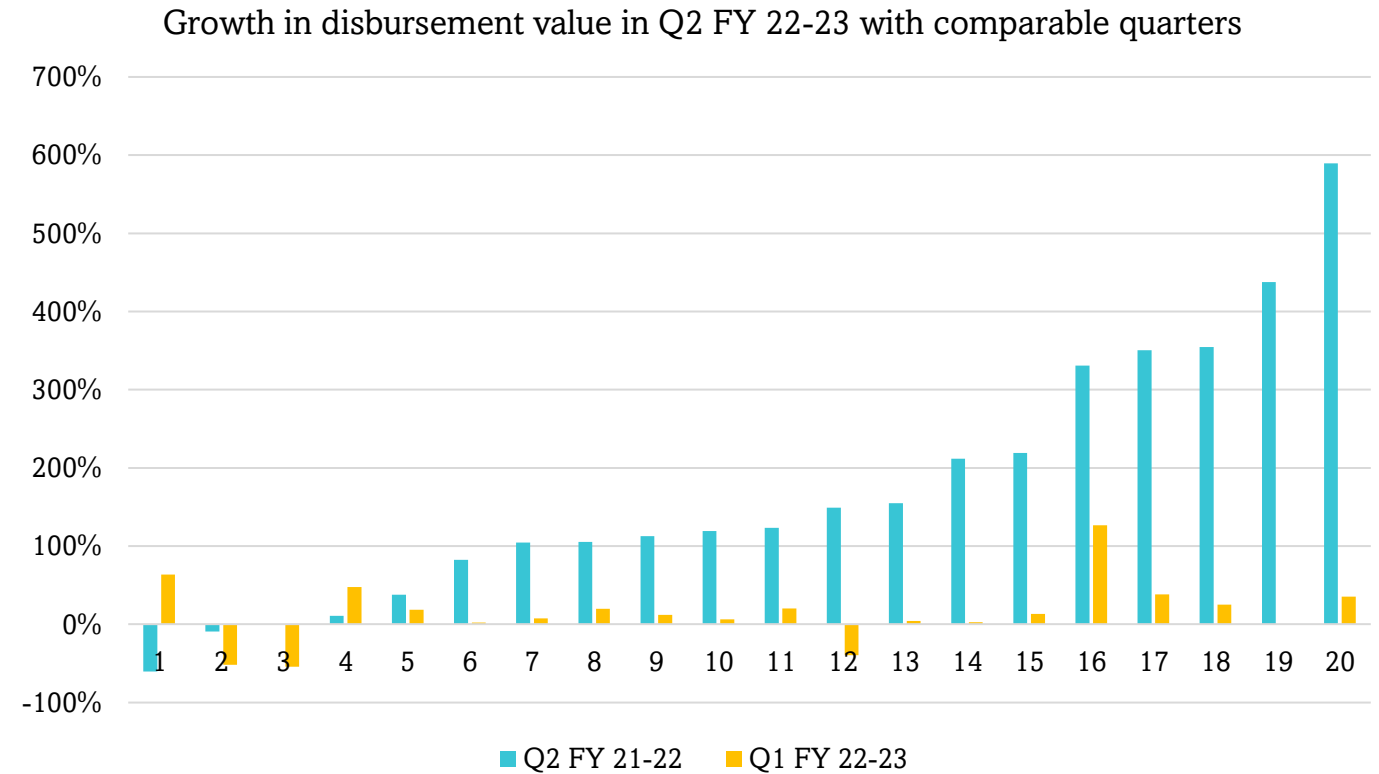
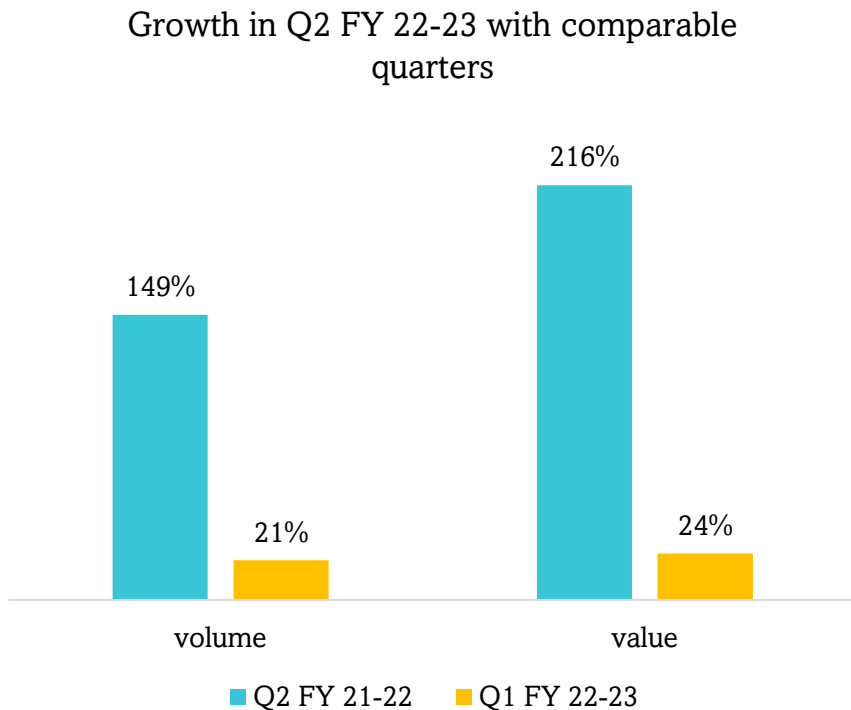


Disbursement value, Rs Cr



Growth rate

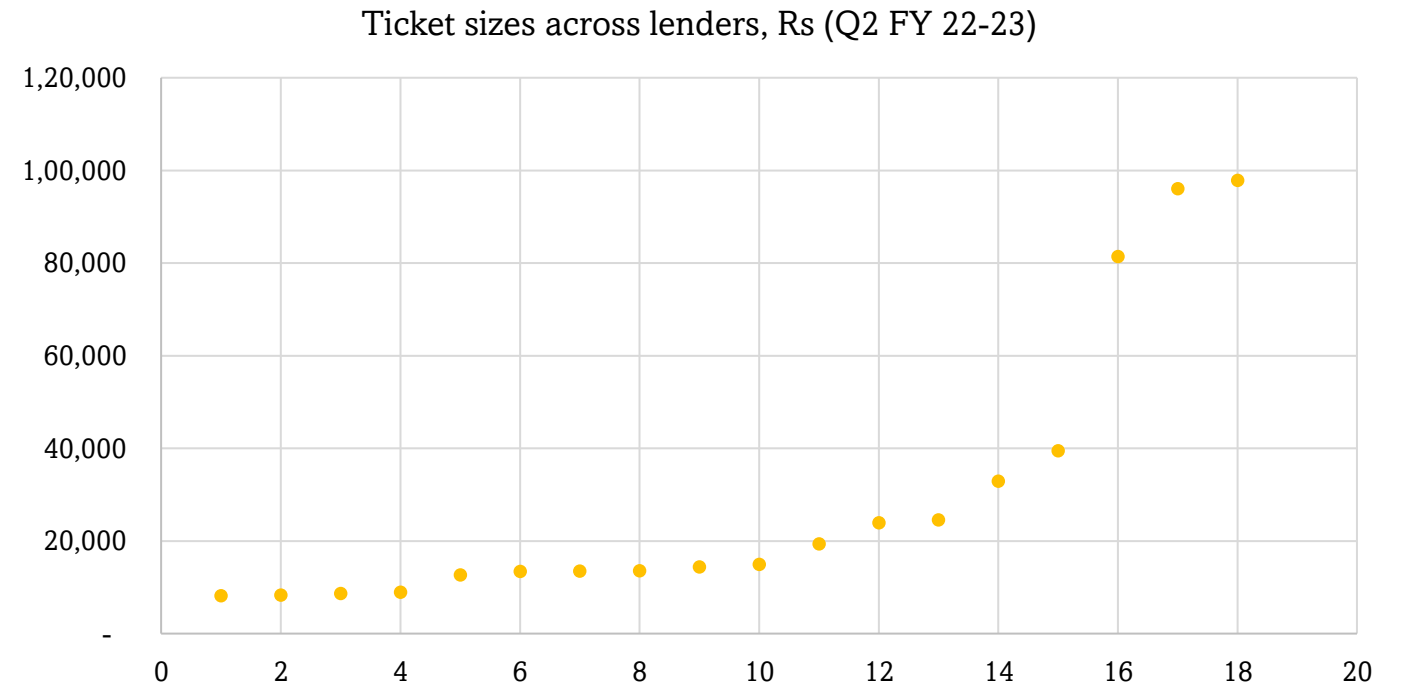
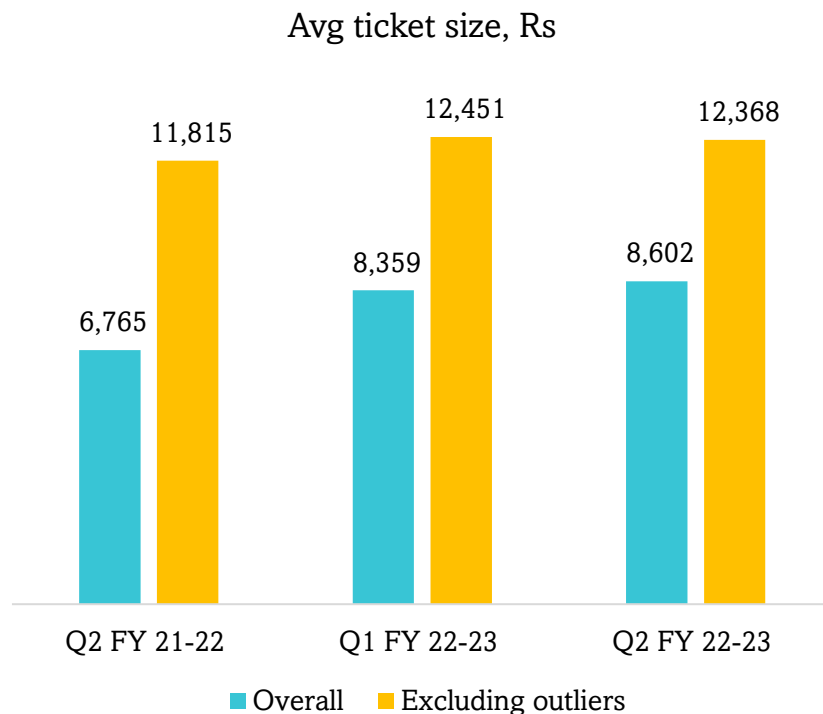
Growth trends have been in the positive territories and disbursement volume and value grew by 149% and 216% respectively on a YoY basis compared to Q2 FY 21-22 and more than 20% over the last quarter (Q1 FY 22-23). With a few exceptions, by and large most companies reported positive growth in disbursement value in Q2 FY 22-23.



Each number on the x-axis depicts the lender and the y-axis gives the growth rate compared to Q2 FY 21-22 and Q1 FY 22-23. A high growth outlier is removed from the chart for better representation.

Ticket sizes

Avg ticket size at an aggregated level (excluding outliers at extreme ends of low and high ticket sizes) remains around 12,000 with marginal changes. Ticket sizes, however, significantly vary amongst lenders due to the widely different focus on products and customer segments. We also see upward and downward movements regarding ticket size across lenders as they transition to other products and customer segments.



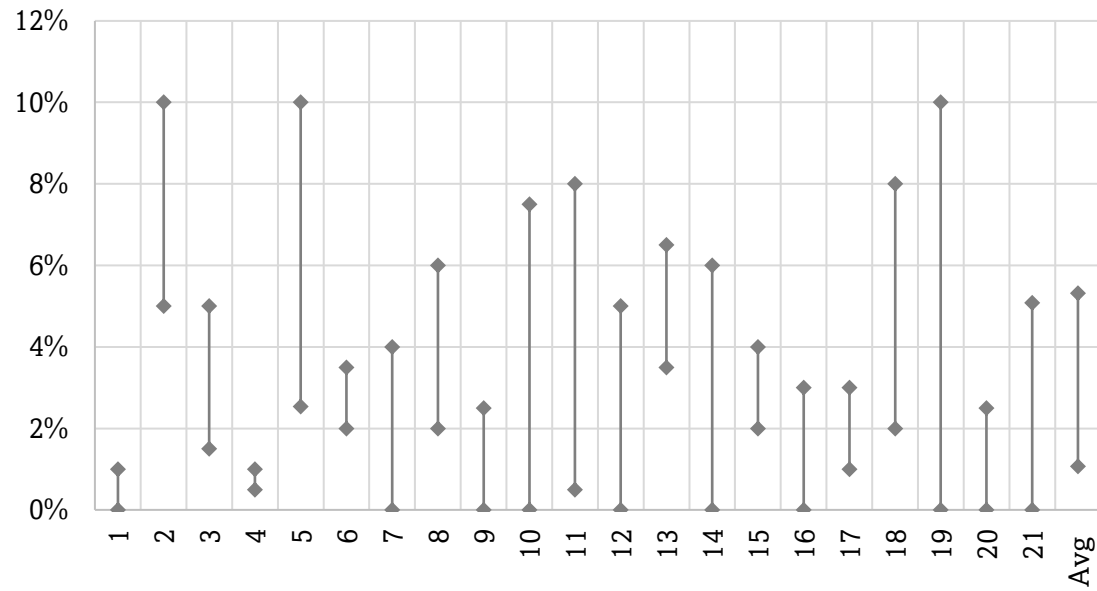
Each number on the x-axis depicts the lender and the y-axis gives the ticket size for Q2 FY 22-23. Outliers with the lowest and highest ticket sizes were removed to give a representative picture.

Pricing

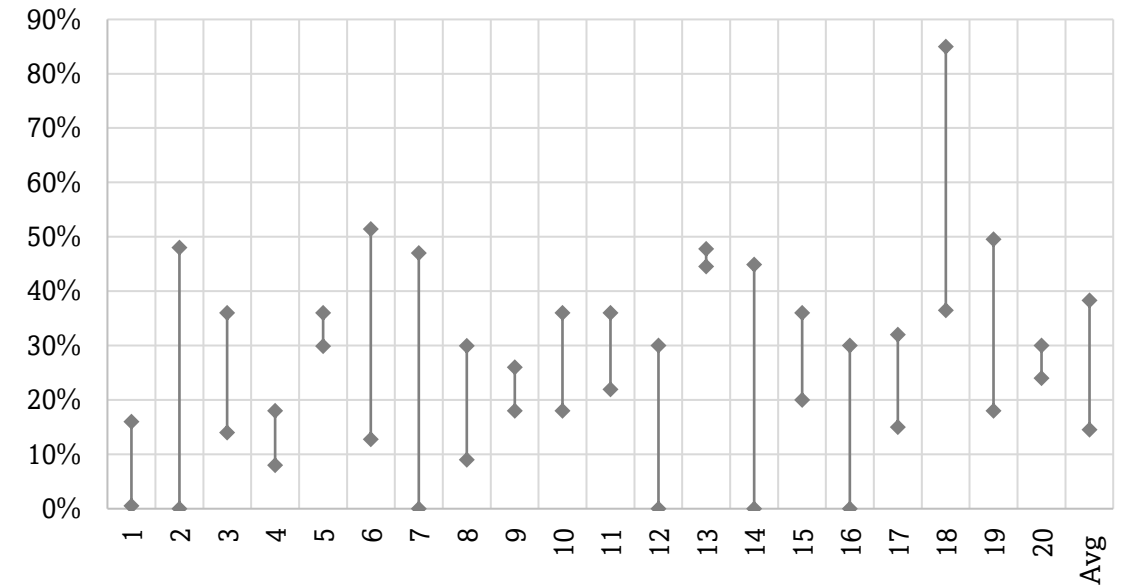


The chart below shows the spread of pricing, processing fee and interest rate among lenders for Q2 FY 22-23. Clearly, there are significant spreads within a lender and across lenders. In simple average terms, the processing fee spread (range between min and max) is 1.1% to 5.3% and the interest rate spread is 14.5% to 38.3%. A number of factors, including the cost of funds, operations and risk profile of customers, influence the pricing for the customers and the range is perhaps reflective of the same.

Processing fee, min/max as % of loan amount disbursed



Interest rate, min/max, % (annualised, reducing balance)



Each number on the x-axis depicts the lender and the y-axis gives the range of pricing. Average is a simple average here. Pricing here is reported for open loans as of Sep 2022



Fintech Association for Consumer Empowerment (FACE) is a non-profit industry body of fintech lenders, convening fintech lenders and other stakeholders to collectively advance fair and responsible digital lending practices through self-regulation and customer empowerment.

For clarification/suggestions on the report please reach us at teamface@faceofindia.org