

Fintech lending volume doubles in FY 21-22: FACE Report

- In FY 21-22, FACE member companies disbursed 2.66 Cr loans, worth over Rs 18,000 Cr
- Southern states account for 44% of lending
- Unsecured loans (100%), personal loans (98%), small ticket (avg ticket size ~ Rs 14k) and short-term (tenure <3 months: 54%) are the most popular products
- Overall, males (90%), young (<30 years: 58%), educated (graduate+: 79%), and low-income individuals (individual annual income <Rs 3 lakh: 61%) dominate the personal credit market segment, though wide variation amongst lenders in terms of customer segments. Both salaried and non-salaried are equally served.

Mumbai, **31st May 2022**: A new publication, titled FACETS released by the Fintech Association for Consumer Empowerment (FACE), reports that fintech lending companies doubled the disbursements in FY 2021-22, by giving 2.66 Cr loans crossing Rs 18,000 Cr. FACETS is the first report of its kind, presetting fintech lending trends using data from FACE member companies, which represent more than 50% of the digital lending market in India.

The trends captured in the report, affirm fintech lending's niche in serving the unaddressed market and product segments and its role in advancing the public policy agenda for financial inclusion and inclusive growth. The report indicates that digital lenders have successfully penetrated the Indian market far and wide, bringing many different consumer segments, both salaried and non-salaried to the fold of formal credit. For FACE member companies, nearly three fourth of the loan value disbursed in FY 21-22 were through the own-balance sheet and the remaining in partnership with other regulated entities, usually NBFCs.

Commenting on the insights gathered from the report, Sugandh Saxena, CEO at FACE said, *'we are excited to release the first issue of the FACETS, a report which aims to enhance our understanding of fintech lending, as it continues to evolve and expand at a breathtaking pace. Trends from the report show the role of fintech lending in serving young customers from low and middle-income segments by providing customized, convenient, cost-effective credit. We firmly believe that a progressive regulatory and policy framework, focus on customer-centricity and the market innovation will continue to facilitate sustainable growth of the fintech lending industry to support individuals in addressing the opportunities and challenges coming their way'.*

Here are some of the key findings:

Disbursements gear up, lenders see growth after covid-induced challenges

- On an aggregated basis, the FACE member companies reported disbursing 2.66 Cr loans crossing over Rs 18,000 Cr, a YoY growth of over 100% in FY 21-22 compared to a significant fall in the previous year due to covid-induced challenges. Both small and large lenders followed the growth trajectory



- Maharashtra leads the pack with 16% disbursements while the southern states collectively account for 44% of the uptake.
- For FACE member companies, nearly three fourth of the loan value disbursed in FY 21-22 were through the own-balance sheet and the remaining in partnership with other regulated entities, usually NBFCs

Short-term, personal loans continue to be most popular among low-mid income groups

- Data from FACE members confirm that 98% of loans were categorized as personal loans, which individuals take for many diverse use cases such as business, emergencies, consumption, and education among others.
- 80% of all loans disbursed were short-term loans with less than 6-month loan tenure.
- The average is a little over Rs 14,000 but varies across lenders.

Young men, low-mid income individuals in India dominate the borrower segment

- Males dominate fintech lending accounting for 90% of lending.
- Low-mid income individuals (annual individual income < Rs 3 Lakh) account for 61% of the loans disbursed, clearly reflecting the role and promise of digital lending in challenging barriers to traditional credit through alternate data underwriting tools.
- 8 in 10 customers are graduates or have higher qualifications. Such a profile of the customer is explained by the fact that apps require a level of understanding of English and high comfort with the digital interface app.

About FACE

Fintech Association for Consumer Empowerment (FACE), an industry association and self-regulatory body for fintech lenders set up as a non-profit company in Sep 2020. FACE brings together fintech lenders (regulated balance-sheet lenders and platforms/aggregators partnering with the regulated balance-sheet lenders) and other stakeholders committed to advancing fair and responsible digital lending practices through self-regulation and customer-centricity. FACE members account for nearly half of India's fintech consumer lending business and abide by the FACE Code of Conduct.

Working with the fintech lenders, and other ecosystem players, FACE pursues customer empowerment through its expansive body of work including policy advocacy, knowledge, standards, market monitoring, and customer insights.

For more information, visit <https://faceofindia.org/>.

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