

FACETS



Disbursement trends from FACE members, Q3 FY 22-23

Issue 5



Notes



In this brief issue, we present data from FACE members on disbursements for the latest quarter (Q3 FY 22-23) and trends for the comparable quarter of the last financial year (Q3 FY 21-22) and the previous quarters (Q1 and Q2 of FY 22-23).

Due to covid related challenges, fintech/digital lending has witnessed uneven trends in the last two financial years. However, as those challenges subside from Q2 FY 21-22, we see a consistent journey upwards.

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

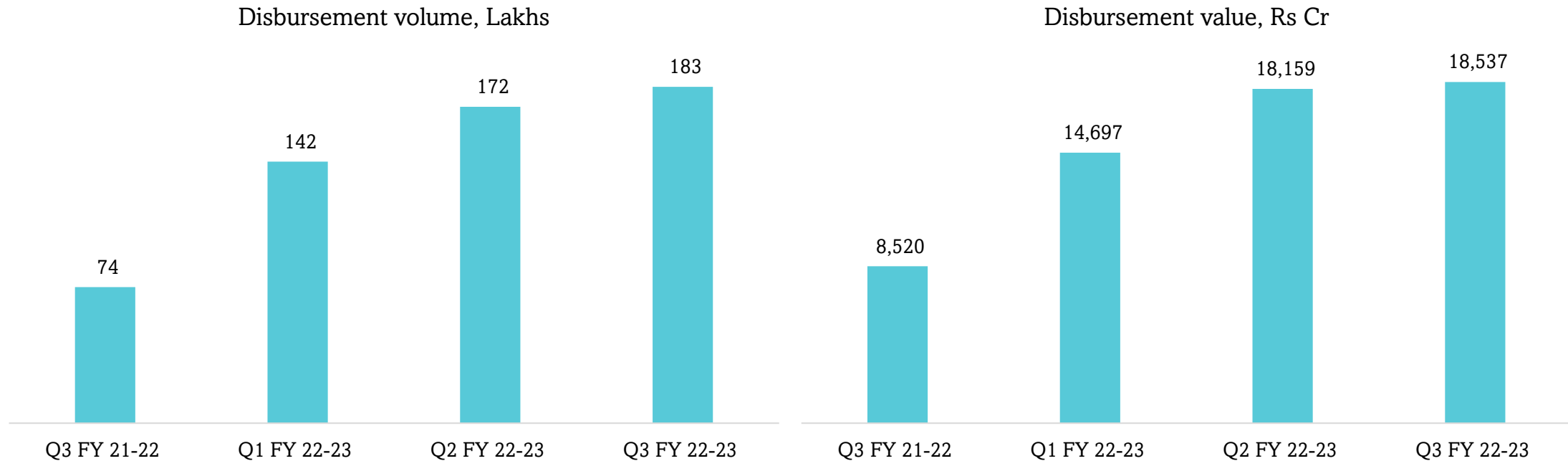
The report has data from 29 FACE member companies lending to customers through their own NBFC and in partnership with other regulated entities (mostly NBFCs). We clarify that our recent report [Fintech Lending Trends](#), was based on data from a cohort of 95 NBFCs (who largely do fintech/digital loans) for their balance sheet lending, as submitted to the credit bureaus. Hence, the two reports are not comparable, given different underlying data sets.

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

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

Disbursements

On an aggregated basis, during Q3 FY 22-23, member companies reported disbursing over 1.8 Cr* loans totalling Rs 18,537 Cr. There has been steady growth in disbursements during the current financial year, and until three-quarters of FY 22-23, member companies collectively disbursed over 5 Cr* loans crossing Rs 51,000 Cr. Disbursement volume shows the scale of contribution by fintech lending towards financial inclusion**.



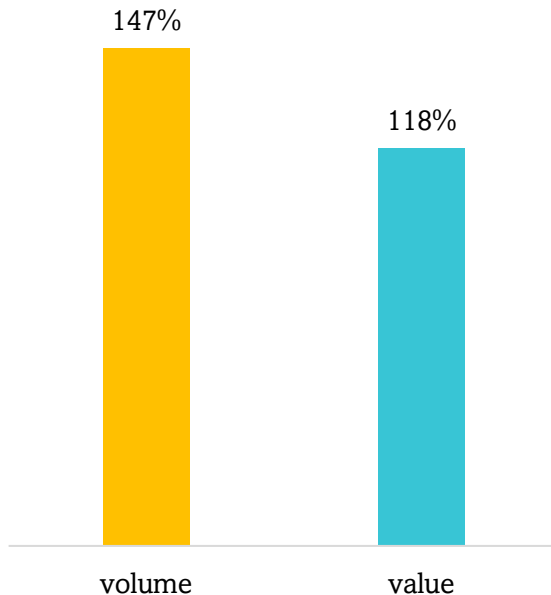
* Please note that disbursement volume does not include data from 3 companies. Based on avg ticket size for the remaining companies we estimate the total disbursement volume to be around 2.3 Cr in Q3 FY 22-23 and 6.3 Cr in three-quarters of FY 22-23 for 29 FACE member companies who reported data for this issue.

** For perspective, in FY 21-22, total origination in the personal loan segment (largest of the retail segment in terms of volume) accounted for 6.4 Cr, 85% in the less than Rs 1 Lakh ticket size category (Source: [How India Lends](#))

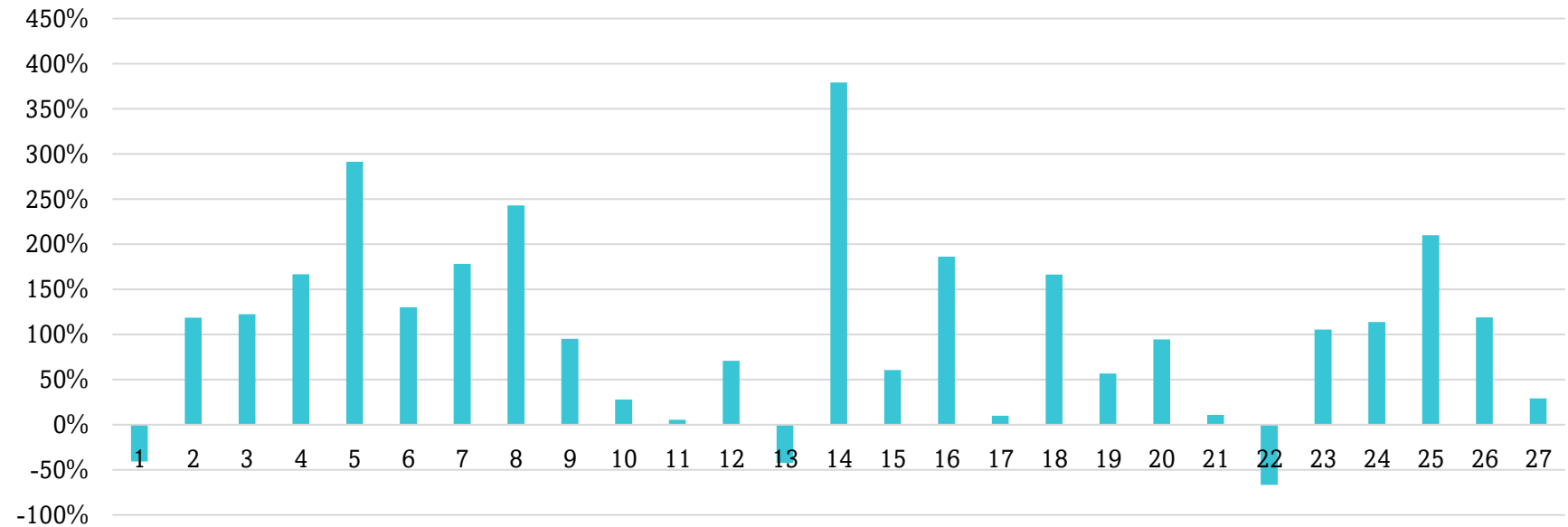
Growth rate

Growth trends have been in the positive territories, and disbursement volume and value grew by 147% and 118% respectively, on a YoY basis compared to Q3 FY 21-22. All but three companies registered positive growth on a YoY basis, though the growth rate varies significantly across companies, as shown in the chart here.

YoY growth in disbursement in Q3 FY 22-23 over Q3 FY 21-22



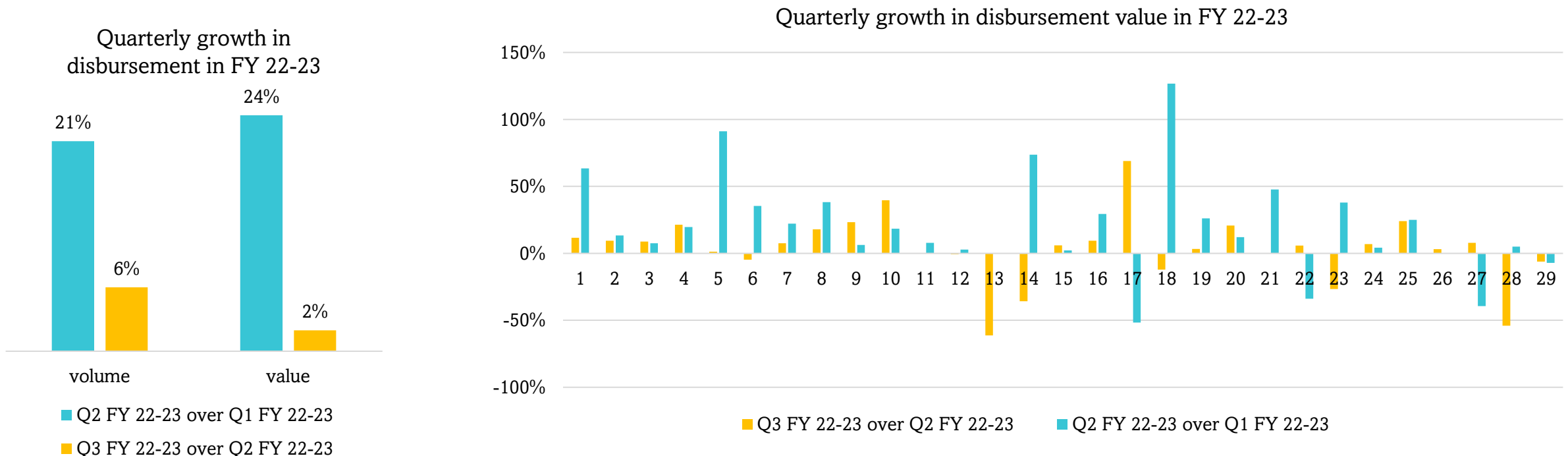
YoY growth in disbursement value in Q3 FY 22-23 over Q3 FY 21-22



Each number on the x-axis depicts the company, and the y-axis gives the growth rate for Q3 FY 22-23 compared to Q3 FY 21-22. The chart has data for 27 companies for we have removed two outliers from the chart for better representation.

Growth rate

Understandably, at an aggregated level, the disbursement growth rate slowed during the Q3 FY 22-23 compared to the previous quarter. Disbursement volume and value grew by 6% and 2% in Q3 FY 22-23 over Q2 FY 22-23 compared to 21% and 24% in Q2 FY 22-23 over Q1 FY 22-23. However, there is much variation within companies contributed by multiple factors, including reasons unique to individual companies. Nearly two-thirds of the companies registered positive growth rates in Q3 FY 22-23 compared to Q2 FY 22-23, and more than half reported a slower growth rate in Q3 FY 22-23 over Q2 FY 22-23 compared to the previous quarter (Q2 FY 22-23 over Q1 FY 22-23).

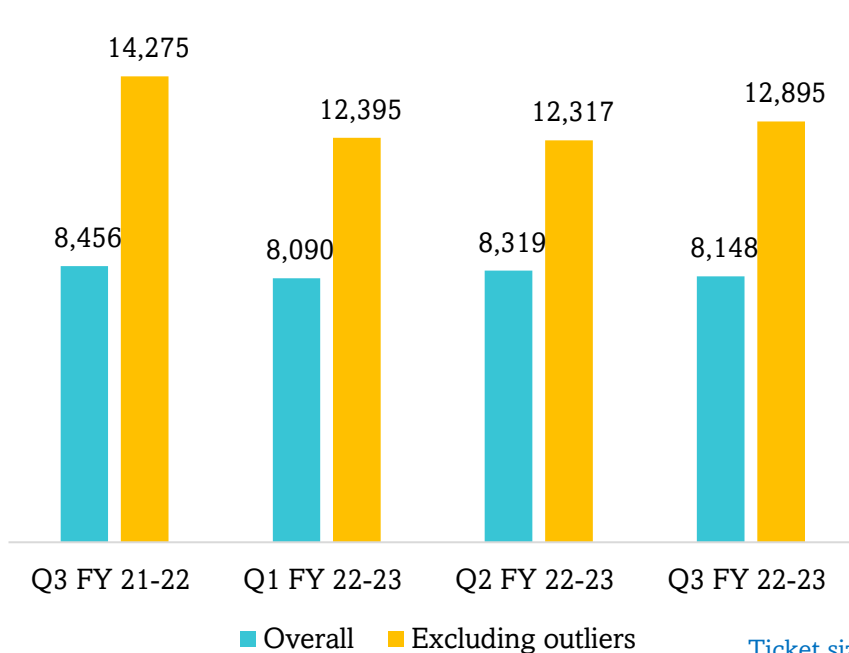


Each number on the x-axis depicts the 29 companies, and the y-axis gives the quarterly growth rates in disbursement value for Q3 FY 22-23 over Q2 FY 22-23 and Q2 FY 22-23 over Q1 FY 22-23.

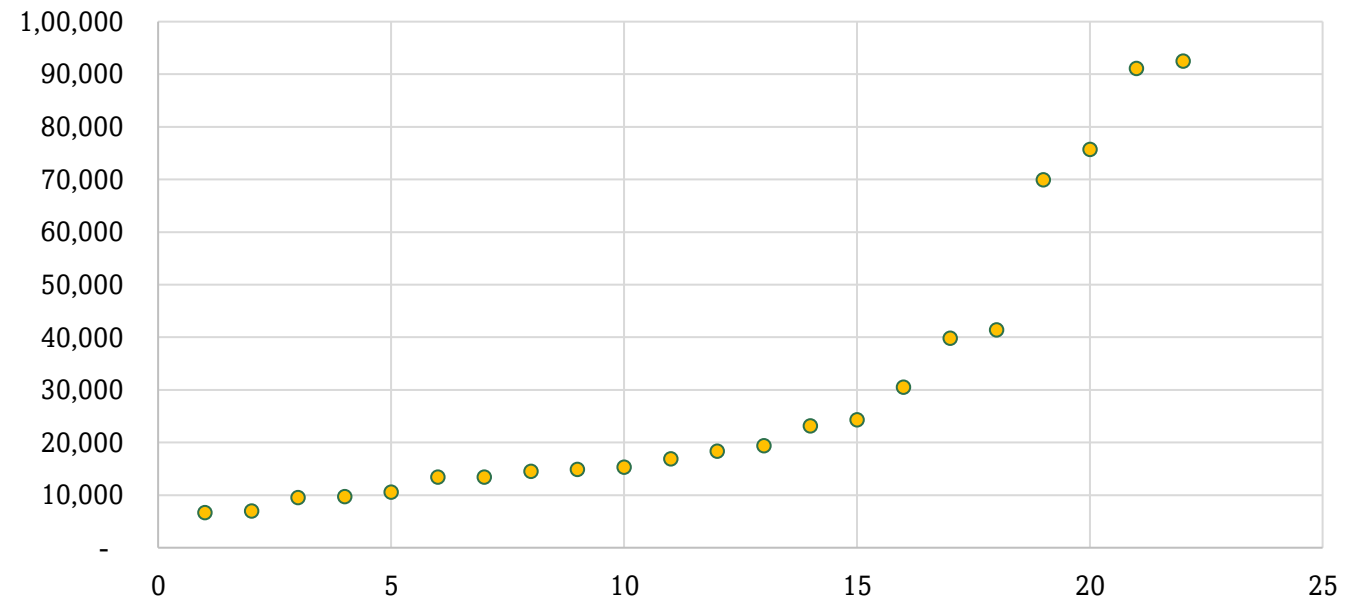
Ticket sizes

Avg ticket size at an aggregated level (excluding outliers at extreme ends of low and high ticket sizes) has hovered around Rs 12,000 during the FY 22-23. Avg ticket sizes, however, significantly vary amongst companies due to the widely different focus on products and customer segments and associated risk profiles. We also see upward and downward movements regarding ticket size as companies evolve with products and customer segments.

Avg ticket size, Rs



Avg ticket sizes across companies, Rs (Q3 FY 22-23)



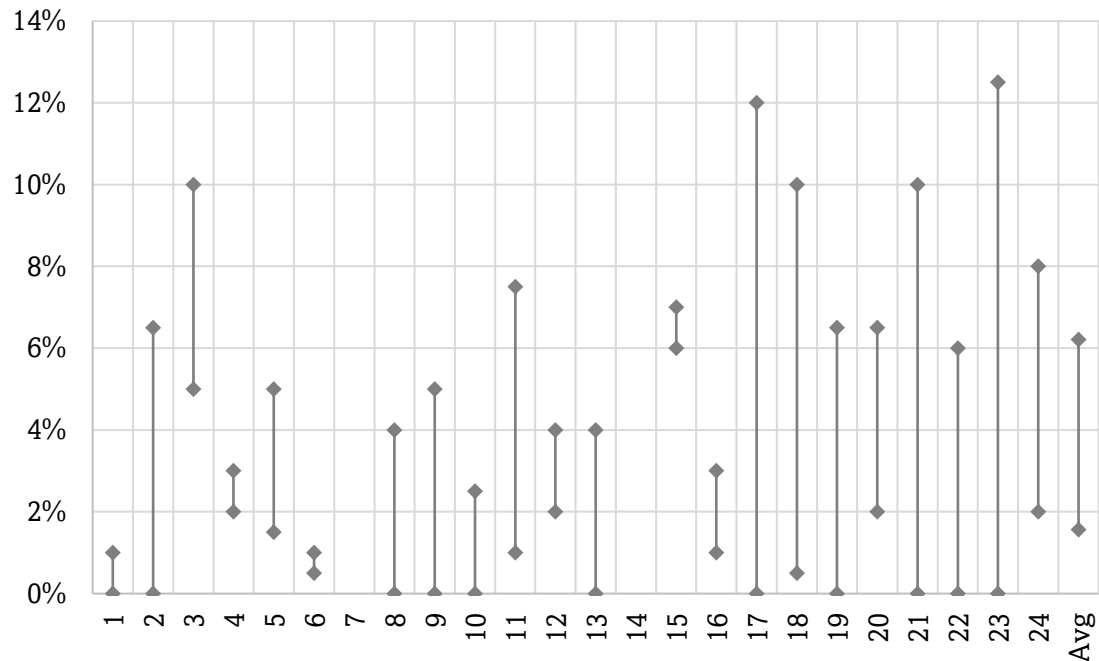
Ticket size data does not include data from 3 companies where disbursement volume was unavailable. Outliers with the smallest (<Rs 5k) and highest ticket sizes (>Rs 1 Lakh) were removed to give a representative picture. Each number on the x-axis depicts the company and the y-axis gives the ticket size for Q3 FY 22-23.

Pricing

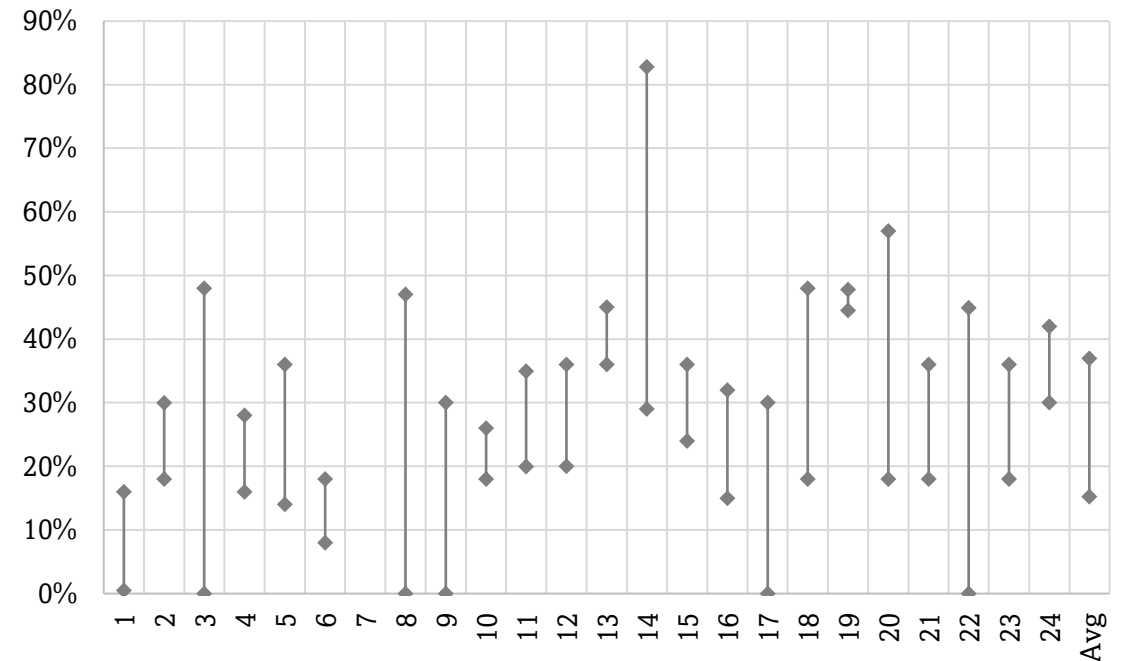


The chart below shows the pricing, processing fee and interest rate spread among companies for Q3 FY 22-23. There are significant spreads within and across the companies. In simple average terms, the processing fee spread (range between min and max) is 1.6% to 6.2%, and the interest rate spread is 15.2% to 37.0%. Several factors, including the cost of funds, operations and risk profile of customers, influence the pricing for the customers, and the range reflects 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 company and the y-axis gives the range of pricing. Average is a simple average here. Pricing here is reported for open loans as of Dec 2022 for 24 companies which reported pricing data.



Fintech Association for Consumer Empowerment (FACE) is a non-profit industry association representing the fintech/digital lending industry. FACE convenes companies directly involved in fintech lending and other stakeholders to collectively advance fair and responsible digital lending practices through self-regulation and customer protection.

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