Understanding users' experience with digital lending applications in India
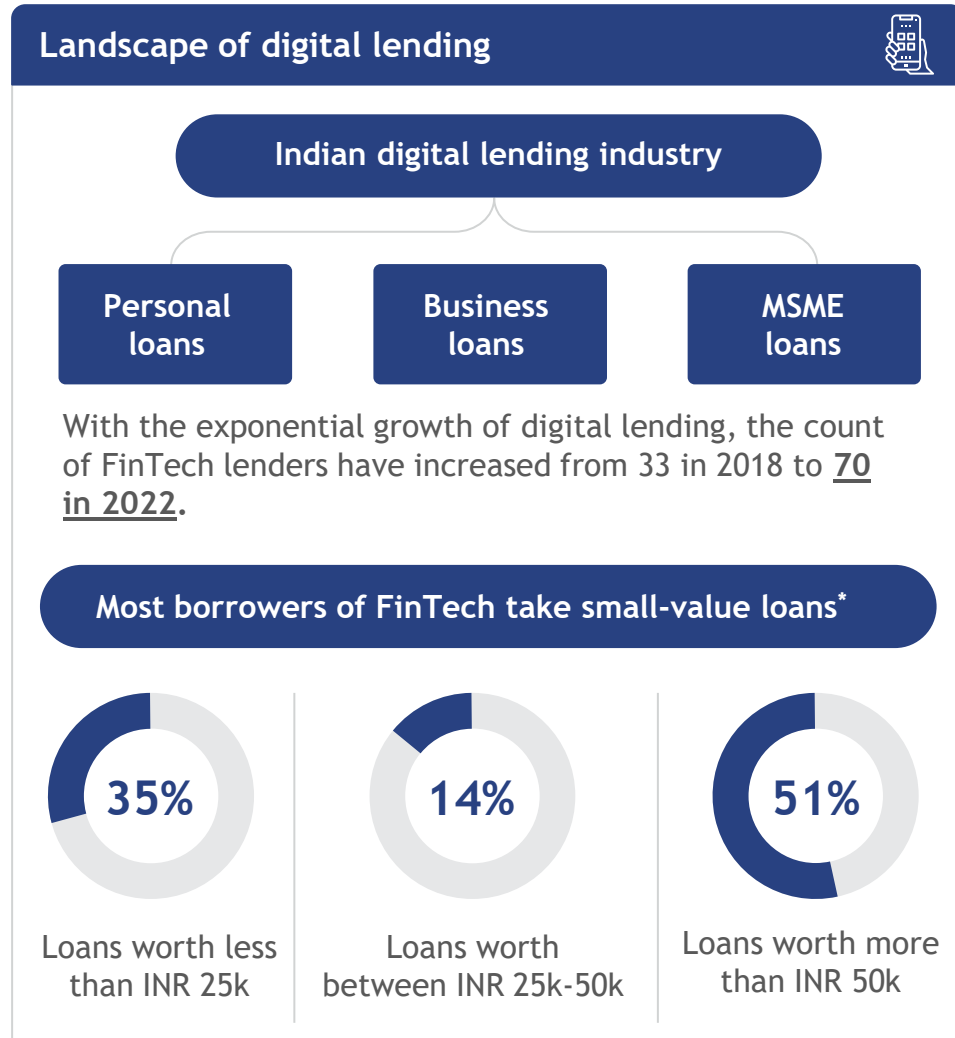
April 2024

Table of contents

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Section 01

Background

1.1. Rise of illegal digital lending applications (DLAs)

India's digital (FinTech) lending sector has grown significantly and attracted scammers that push illegal digital lending applications (DLAs) to the market

Landscape of digital lending

Indian digital lending industry

| Personal loans | Business loans | MSME loans |

With the exponential growth of digital lending, the count of FinTech lenders have increased from 33 in 2018 to **70 in 2022**.

Most borrowers of FinTech take small-value loans*

35% Loans worth less than INR 25k

14% Loans worth between INR 25k-50k

51% Loans worth more than INR 50k

Rise in unauthorized digital lending applications

Do these sound common?

> I made the biggest mistake of my life when I missed the due date of my loan repayment. I started getting 50 to 100 calls. I requested them to give me a few days. But they sent abusive messages to all my contacts. I was humiliated and harassed. Then I realized that it was an scam loan app.
>
> —User A

> The loan approval carried a steep interest rate for a seven-day period, contrary to the promised 90-day term in the advertisements. Additionally, the digital lender only disbursed INR 40,000 and deducted an extra INR 10,000 as a processing fee. This caught me off guard with no prior notification. It took me some time to grasp that this was indeed a scam loan app.
>
> —User B

As per the Reserve Bank of India (RBI) Working Group Report, 2021

The number of app stores in which Indian loan apps are available	~81
The number of unique Indian loan apps that have the keywords "loan," "instant loan," and "quick loan," among others	~1,100
The number of illegal lending apps	~600 (~54%)

The influx of illegal lending apps poses a significant challenge to the industry. It includes privacy violations, cybersecurity risks, threats to customers, and unfair collection practices. This jeopardizes the reputation of responsible digital lenders that work under the regulatory framework and deeply erodes the user's trust in digital lending.

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1.2. Modus operandi of illegal DLAs

The users are at risk if they access DLAs from sources that have inadequate protocols to verify a loan app before hosting in the App store*

App stores

01 Many app stores are available that fraudsters can exploit to host DLAs. These app stores may not have carefully laid down policies for onboarding, verification, disclosure, and prevention of abuse. Hence, fraudulent DLAs can upload their apps to such stores.

02 Google Play store consistently upgrades its defenses against fraudulent activities. It implements stringent processes for personal loan apps to verify their association with REs, disclose information, access data, and monitor their activities.

03 Fraudsters can always generate counterfeit evidence and bypass checks through the impersonation of RE websites or registration certificates. A significant challenge arises as REs often fail to respond to requests from agencies, such as FACE, to verify their association with a DLA.

04 A continuous review process can help eliminate unauthorized DLAs, supported by internal monitoring, customer reporting, and collaboration with industry and law enforcement agencies.

Outside of app stores

01 Illegal DLAs increasingly use alternative channels to circumvent app store verification and distribute APK files. These channels include web links, social media, WhatsApp, Telegram, messaging, and email, among others.

02 These channels may lack a robust verification process, which thus shifts the responsibility of verification entirely onto the users.

03 Users continue to download and use unauthorized apps despite warnings from device operating systems.

04 Despite the presence of a redressal system to report abuse or fraud, its effectiveness remains unclear.

*Based on market information, practices, and trends observed

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1.3. Impact of illegal DLAs

Fraudsters use multiple tactics to reach users, such as the exploitation of user preferences and trust in DLAs*

Fake association

01 Fraudsters fake their association with a regulated entity (RE) and penetrate the app store due diligence. They share counterfeit partnership letters and registration certificates, create fraudulent websites under the guise of non-banking financial companies (NBFCs), and present their purported partnerships as evidence.

Stealthy outreach

02 Illegal DLAs circumvent the Play Store in the face of heightened scrutiny. They connect with users through websites, social media, WhatsApp, email, Telegram, and SMS. These apps sideload APK files, employ deceptive tactics with counterfeit Play Store-like web pages, and capitalize on physical outreach through agents and calls.

Strategic scaling

03 Illegal DLAs employ aggressive advertising to scale rapidly. Additionally, they use technology unscrupulously to garner positive ratings, boost downloads, and secure favorable reviews. They seek to attain prominence among the top apps.

Risk spectrum

04 Users can be harmed in many ways. These include the collection of data, which includes know your customer (KYC) information, imposition of high processing fees without loan disbursement, usurious interest rates, and aggressive recovery practices that exploit customer contact lists and photo galleries.

DLAs are key to interface with customers to facilitate credit. They are owned by a regulated entity (RE) or a loan service provider, such as a FinTech, which facilitates loans through partnerships with REs as per digital lending guidelines. Such genuine DLAs distribute apps mostly through app stores, mainly the Google Play store and Apple's App Store.

*Based on market information, practices, and trends observed

1.4. Need for this study

Fintech Association for Consumer Empowerment (FACE) took proactive efforts and collaborated with multiple stakeholders to identify and report illegal lending applications to ensure users have access to genuine loan apps

Initiatives

FACE conducted a risk barometer study in collaboration with the Center for Financial Inclusion (CFI). The report ranked fraud loan apps as the topmost risk for the industry due to the high influx of illegal digital lending apps. Based on this finding, FACE initiated a vigilant monitoring and reporting process for apps on the Google Play store. This work created insights into the operations of fake apps, which contributed to policy changes in the Play Store.

FACE diligently monitored India's digital lending landscape over the past 15 months. It identified and reported more than 800 suspicious apps with insights on policy and due diligence. Google took decisive enforcement actions in 2022 and removed 3,500 personal loan apps from its Play Store in India for policy violations. This effort dovetails with Google's new DigiKavach initiative, which intended to address financial scams with industry expertise.

Google announced a collaboration with FACE at Google for India 2023. It designated FACE as a priority flagger to combat predatory digital lending apps on the Play Store in India. In this context, FACE provides market intelligence to detect and address non-compliant personal loan apps swiftly.

Besides working on the supply side, FACE undertook customer education initiatives to inform customers about illegal loan apps. FACE collaborated with MSC to understand users' awareness, knowledge levels, and gaps therein about DLAs.

- FACE takes regular customer feedback on their digital lending experience to improve members' practices. It designed this report to understand users' perception and awareness of the sources of loan apps, check their authenticity, and examine loan information as a continuation of this effort. Please see the annex slides for the data collection methodology and the respondents' sample profiles.

- MSC and *Swadhaar* collected data from non-users to understand how non-users look at digital lending. MSC helped FACE analyze the factors used to gauge users' understanding of digital lending applications and finalize the report. Please see the annex slides for details on the factors used.
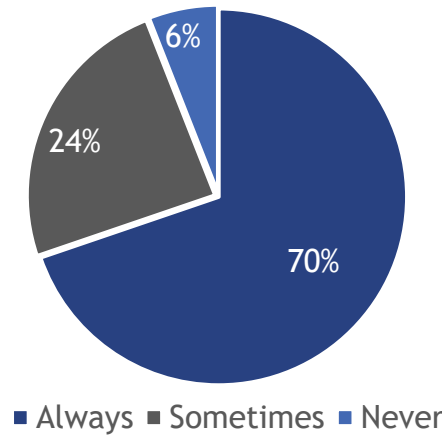
Section 02

Key insights from the study

2.1. Overview of the study

Most users have high confidence in their ability to verify illegal lending applications, yet a gap persists in their knowledge of the factors to detect it

Perceived confidence* among users when they access lending applications (%)

N=1,647

- Always ■ Sometimes ■ Never

6%
24%
70%

Perceived confidence* among users compared to their awareness of factors when they verify the DLAs (%)

Users' awareness about the factors to verify	Perceived confidence about the lending applications			Total
	Always	Sometimes	Never	
High	13%	4%	0%	17%
Medium	21%	7%	1%	29%
Low	36%	13%	4%	53%
Total	70%	24%	6%	100%

Perceived confidence* among users compared to their awareness of factors when accessing loan information from DLAs (%)

Knowledge of their loan application	Perceived confidence about the lending applications			Total
	Always	Sometimes	Never	
High	24%	7%	1%	32%
Medium	13%	7%	1%	21%
Low	33%	10%	4%	47%
Total	70%	24%	6%	100%

■ Positive association   ■ Negative association

Insights

Most users are confident and aware of the factors when they access lending applications, such as app review and rating. Yet, the study revealed that **36% of users with high confidence exhibit a low level of awareness when they verify DLAs,** while 33% have limited knowledge of loans. This segment of users could be easily susceptible to fraud and scams through illegal lending applications.

*Users' confidence was categorized based on their perceived ability to identify illegal lending apps. Users who stated that they could always identify illegal lending apps were categorized as "High confidence," users who stated that they could never identify illegal loan apps were categorized as "Low confidence," and users who stated they could only identify illegal lending apps sometimes were classified as "Medium confidence."

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2.2. Users' segmentation

DLA users* can be divided into three segments based on the different sources they use to download DLAs

Segment 1: Download lending applications from only the Google Play store or Apple's App Store	Around 64% of our respondents belong to this segment. They have suitable knowledge of the source to download lending applications. The sources may include the Google Play store or Apple's App Store.	**18-30 years**	High confidence in the verification of DLAs' legality
Segment 2: Download lending applications from app stores other than Google or Apple.	Around 26% of our respondents belong to this segment. They download lending applications from less secure or less legitimate app stores. The practices this segment employs compromise their account. It makes them potential victims of cyber threats and identity theft.	**26-40 years**	Medium confidence in the verification of DLAs' legality
Segment 3: Download lending applications from either other app stores or any links.	Only around 10% of our respondents belong to this segment. Most download lending applications either from web links or less legitimate app stores. This segment is much more susceptible to phishing and smishing scams than other segments as it accesses applications through such web links.	**31-40 years**	Low confidence in the verification of DLAs' legality

*These are users of FACE member companies and are expected to have high awareness of loan apps. They are taking loan and they regularly receive education from FACE member companies to identify unauthorized loan apps.

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2.3. Users' experience in downloading DLAs

Most users rely on advertisements and discuss with friends when they decide to download a DLA

Prominent channels that influence the decision to choose sources to download lending apps*

Advertisements on social media platforms, such as Instagram, Facebook, and YouTube, are the preferred sources of information for people who seek information on which lending applications to download.

Some users rely on the advertisements on the Google Play store to download lending applications.

A marginal proportion of users notice advertisements at physical locations compared to those on social media platforms.

Friends and relatives play a crucial role to initiate and finalize the application after users view it through advertisements. They act as the most reliable source of information for users when they decide which lending app to download.
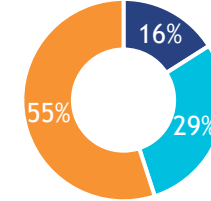
The level of awareness among users to adequately verify DLAs' legality is almost similar

- **Low;** one to two factors selected by users
- **Medium;** three to four factors selected by users
- **High;** five to seven factors selected by users

Segment 1
16%
29%
55%
N=1,054

Segment 2
18%
29%
53%
N=433
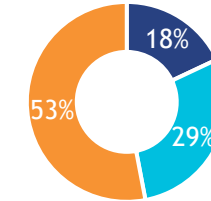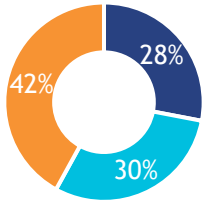
Segment 3
28%
30%
42%
N=160

- Irrespective of the user segment, most users only use one or two factors to verify a lending app.
- A noticeable gap exists between the confidence exhibited versus the actual knowledge of the factors users selected to verify DLAs' legality.
- Segment 3 users, who primarily rely on web links to download DLAs, face a burden to review more factors when they verify the legality of lending applications.

> " After I discussed the lending app with my friend, I just went to Google Play store and downloaded it quickly. "
>
> - User

> " I believe we should download the lending application from a reliable source. I prefer to use the Google Play store or Apple's App Store since they offer security and genuine apps. "
>
> - User

*Source: Qualitative insights

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2.4. Verification of the legality of lending applications

Users mostly check NBFC or bank affiliation, DLA's ratings and reviews as key factors when they verify the legality of these applications

Factors users selected to verify the legality of lending applications* (%)

Most users <u>prefer to check</u> the lending application's affiliation with non-banking financial companies (NBFCs) or banks, followed by application reviews and customer ratings.

<u>Reports</u> indicate that a reliance on inputs from friends, family, or colleagues is a significant verification factor. However, it may also contribute to an increase in fraudulent cases, as shown in <u>other surveys</u>.

N=1,647

<u>Illegal digital lenders</u> may access users' personal data through the application without their consent. Thus, they may breach customers' data privacy.

Factor	%
Partnership with NBFC or bank	57%
Apps' review	55%
Apps' rating	55%
Inputs from friends, family and colleagues	43%
Downloads from the app store	26%
The type of data the app collects	25%
Others	5%

*Multiple-choice responses

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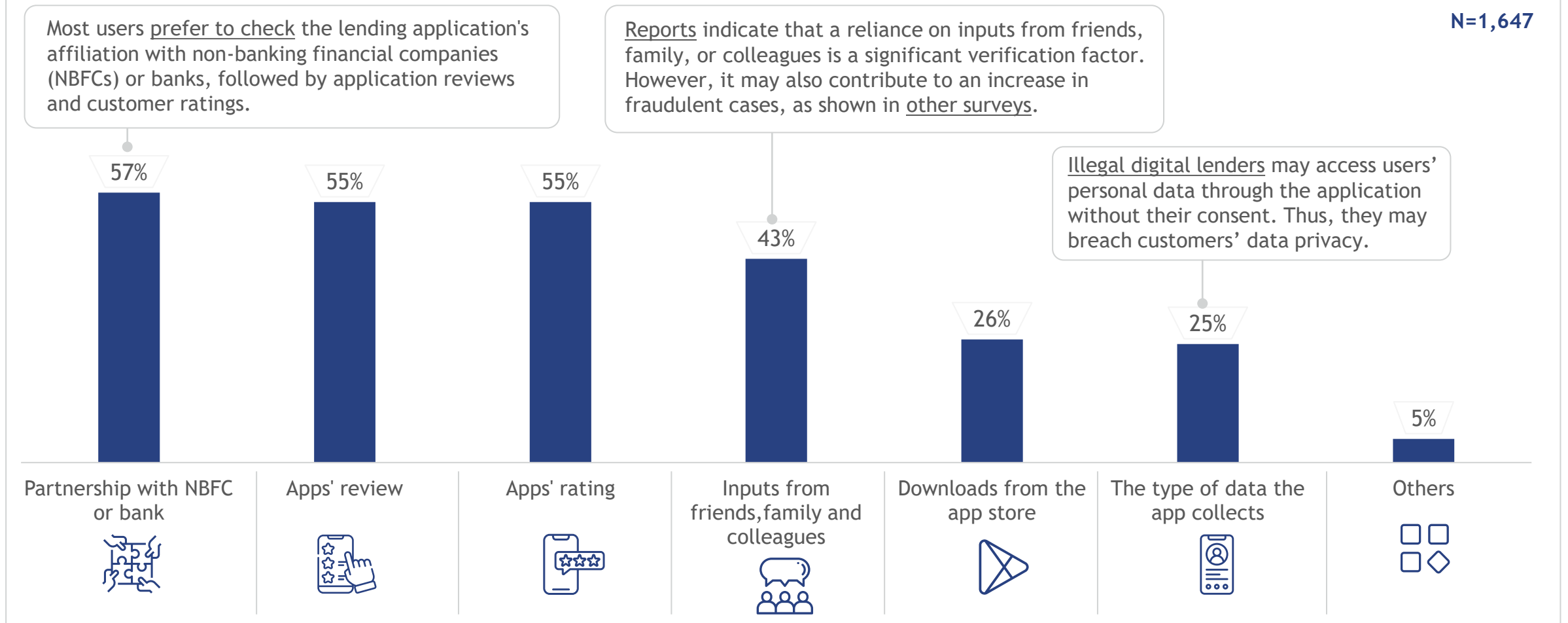
2.4. Types of factors used to verify a lending app

All segments use similar factors to verify a lending app, such as the name of the lending entity, app review, and rating

However, the role of these factors in decision-making varies by the source from which the user downloads the app. Users care less about these factors if they download an application from the Google Play store or Apple's App Store.

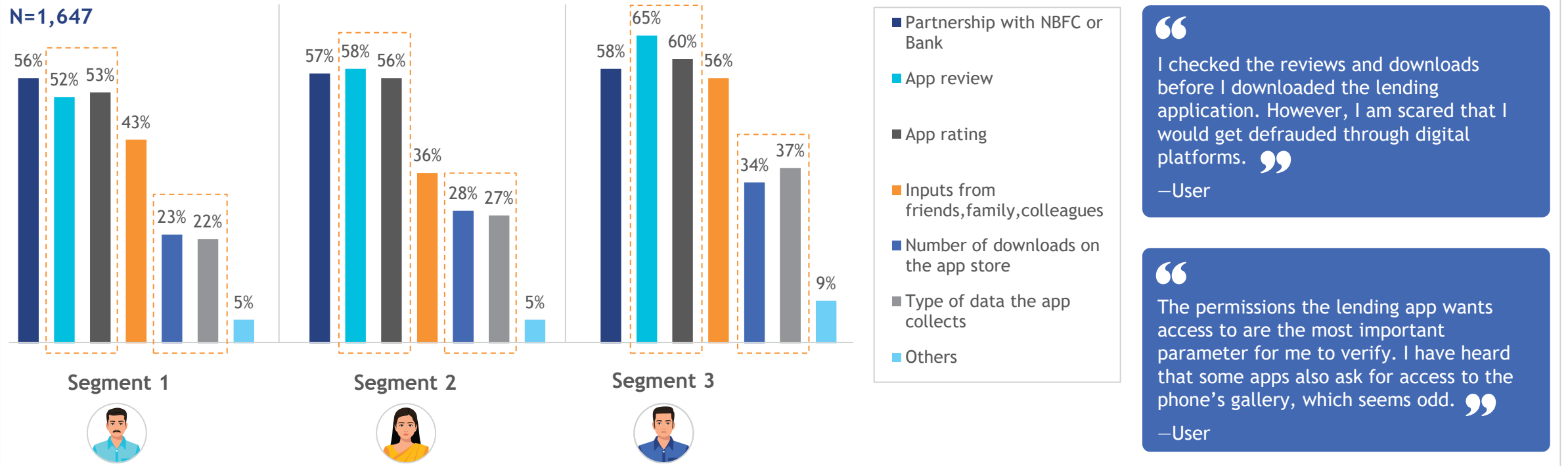Relatively, Segment 1 uses fewer factors when they verify DLAs' legality as they have more confidence than other segments. This shows Segment 1's underreliance on the Google Play store or Apple's App Store to ensure the authenticity of apps without the need for individual-level verification at their end.
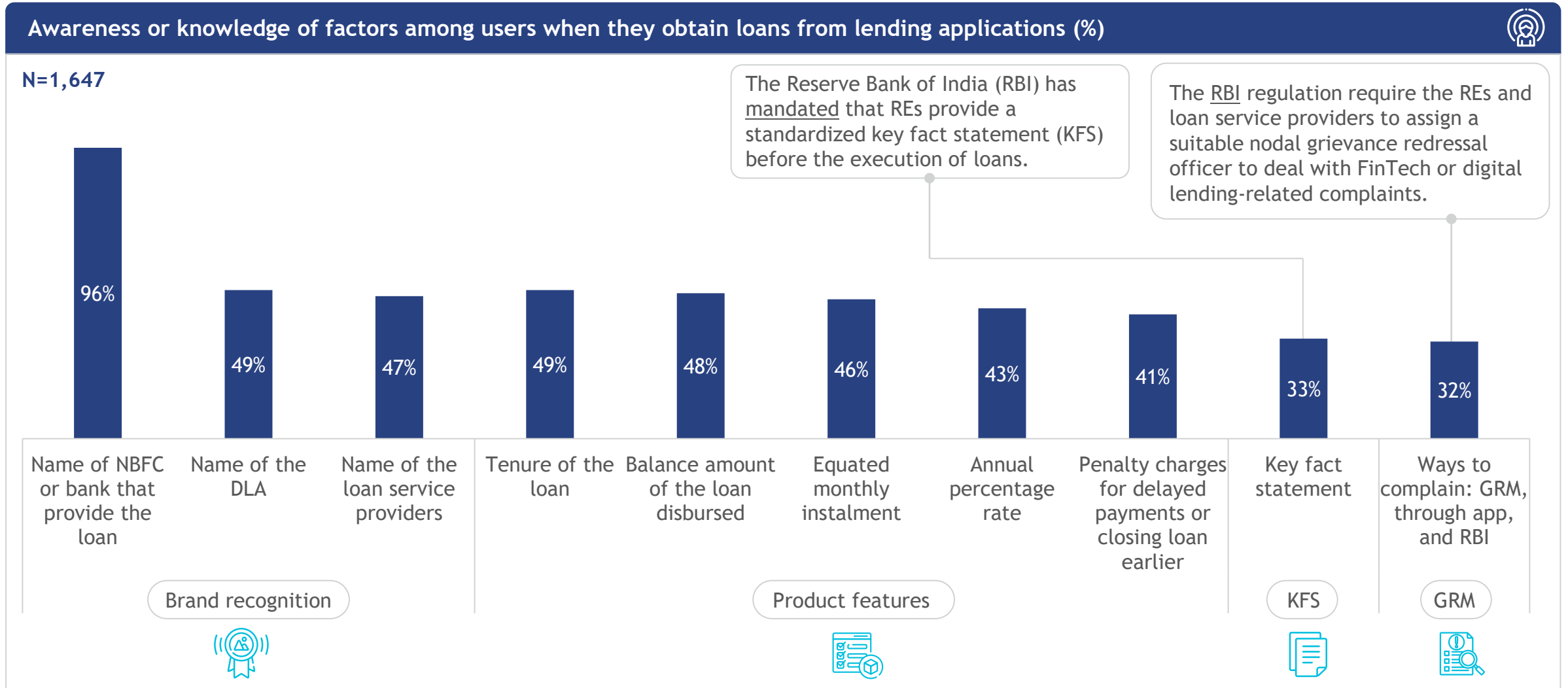
Users do not see data sharing as an integral factor when they decide to download a lending app. However, users who download lending apps from less reliable sources are slightly more careful about the data the digital lending app collects from them. While some users are comfortable with sharing identity information, such as *Aadhaar* card details and PAN card details, they feel less comfortable if they are asked to share their contacts list.

Choice of factors used to verify lending applications across each segment (%)

N=1,647

Segment 1
- 56% Partnership with NBFC or Bank
- 52% App review
- 53% App rating
- 43% Inputs from friends, family, colleagues
- 23% Number of downloads on the app store
- 22% Type of data the app collects
- 5% Others

Segment 2
- 57% Partnership with NBFC or Bank
- 58% App review
- 56% App rating
- 36% Inputs from friends, family, colleagues
- 28% Number of downloads on the app store
- 27% Type of data the app collects
- 5% Others

Segment 3
- 58% Partnership with NBFC or Bank
- 65% App review
- 60% App rating
- 56% Inputs from friends, family, colleagues
- 34% Number of downloads on the app store
- 37% Type of data the app collects
- 9% Others

Legend:
- Partnership with NBFC or Bank
- App review
- App rating
- Inputs from friends, family, colleagues
- Number of downloads on the app store
- Type of data the app collects
- Others

> "I checked the reviews and downloads before I downloaded the lending application. However, I am scared that I would get defrauded through digital platforms."
> —User

> "The permissions the lending app wants access to are the most important parameter for me to verify. I have heard that some apps also ask for access to the phone's gallery, which seems odd."
> —User

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2.5. Knowledge of loans obtained through lending applications

Users have adequate knowledge of the lending entity that offers loans but have limited knowledge of other details about the entity or product features

Awareness or knowledge of factors among users when they obtain loans from lending applications (%)

N=1,647

The Reserve Bank of India (RBI) has <u>mandated</u> that REs provide a standardized key fact statement (KFS) before the execution of loans.

The <u>RBI</u> regulation require the REs and loan service providers to assign a suitable nodal grievance redressal officer to deal with FinTech or digital lending-related complaints.

Name of NBFC or bank that provide the loan	Name of the DLA	Name of the loan service providers	Tenure of the loan	Balance amount of the loan disbursed	Equated monthly instalment	Annual percentage rate	Penalty charges for delayed payments or closing loan earlier	Key fact statement	Ways to complain: GRM, through app, and RBI
96%	49%	47%	49%	48%	46%	43%	41%	33%	32%

Brand recognition

Product features

KFS

GRM

*Multiple-choice responses

2.5. Knowledge of loan details obtained through lending applications
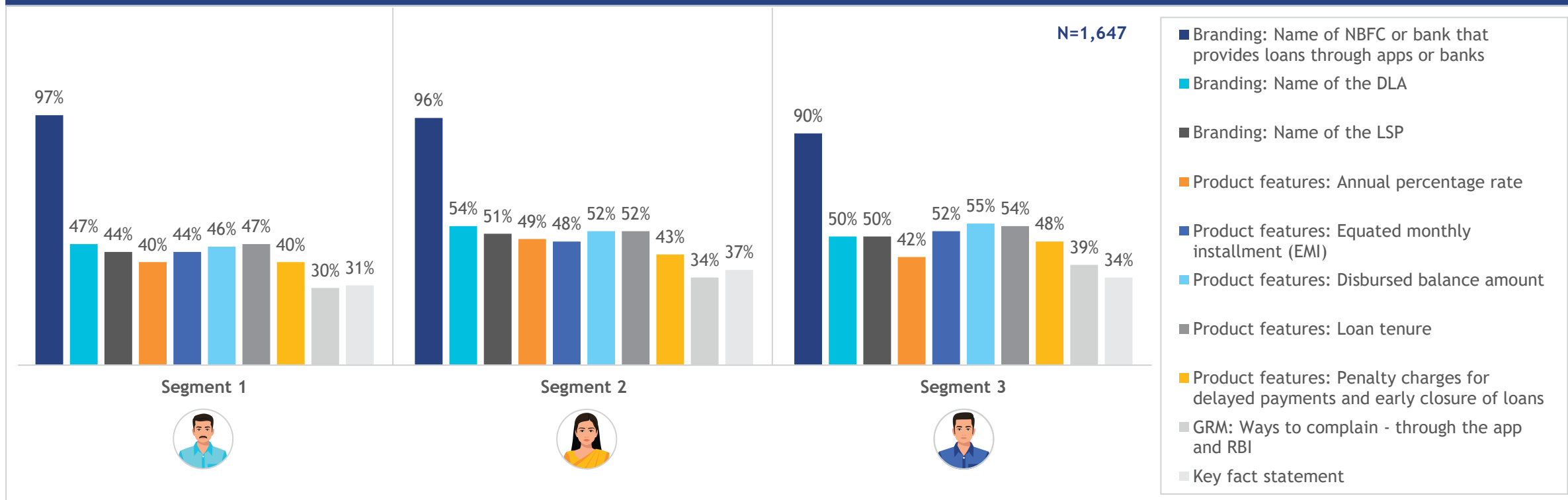
All segments share similar knowledge about loan product features on DLAs and nearly all users across segments are aware of the lending entity that offers the loan

Overall, users prioritize information on product features more than the names of stakeholders when they avail of loans. However, users often seek loans from a FinTech associated with recognizable financial providers, which the RBI encourages. However, they are unaware of the distinctions between the various bodies or organizations involved in a digital loan.

Users have limited knowledge and focus on KFS or GRM, which leaves them more vulnerable and underconfident when they access loans. This also includes information about processing fees, among other aspects.

Users are least aware of key fact statements and GRM when they avail of loans from these DLAs.

Awareness or knowledge of factors among different segments of users when they obtain loans from lending applications (%)

N=1,647

Segment 1: 97%, 47%, 44%, 40%, 44%, 46%, 47%, 40%, 30%, 31%

Segment 2: 96%, 54%, 51%, 49%, 48%, 52%, 52%, 43%, 34%, 37%

Segment 3: 90%, 50%, 50%, 42%, 52%, 55%, 54%, 48%, 39%, 34%

Legend:
- Branding: Name of NBFC or bank that provides loans through apps or banks
- Branding: Name of the DLA
- Branding: Name of the LSP
- Product features: Annual percentage rate
- Product features: Equated monthly installment (EMI)
- Product features: Disbursed balance amount
- Product features: Loan tenure
- Product features: Penalty charges for delayed payments and early closure of loans
- GRM: Ways to complain - through the app and RBI
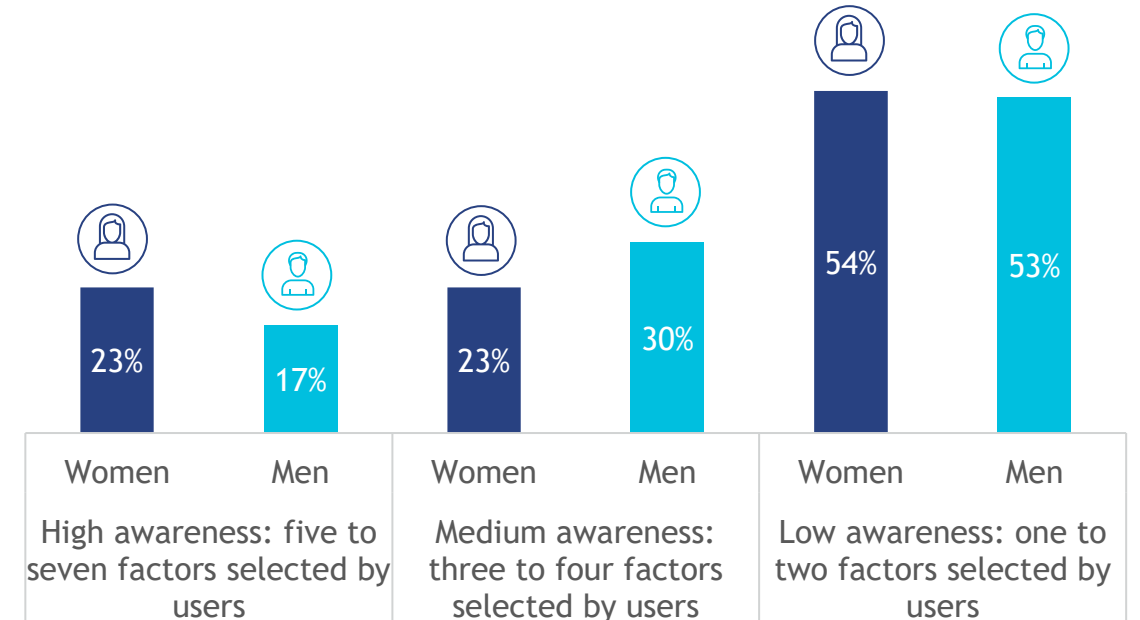- Key fact statement

*Multiple-choice responses

Female users have a slightly better awareness of the loan product features provided by lending applications than their male counterparts

Key behavioral traits of female users who currently borrow from DLAs

- Female users exhibit a similar level of confidence as male users when they verify the lending application.

- Female users are slightly better aware of the features of the loan product than their male counterparts. These include the annual percentage rate, loan tenure, loan balance, and EMI provided by lending applications.

- Another research study states that female loan-takers usually prefer a hurdle-free process and less documentation when they avail of loans. This is a key decision factor when they avail of loans from lending applications.

- Studies also show that female credit-seekers drop out midway as they find loan-seeking from mainstream banks inconvenient and time-consuming. This makes them a conducive target segment for digital lending applications, which offer a hassle-free process to access the loan and require minimal documentation.

- Female users generally check ratings, review the applications, and rely predominantly on their spouse's inputs for financial decision-making when they access lending applications.

- Some female users from rural areas prefer not to download lending applications as they perceive them to be risky. This could be attributed to limited ownership of smartphones and a lack of financial literacy.

## Factors considered when they take a loan: Men versus women (%)

	High awareness: five to seven factors selected by users		Medium awareness: three to four factors selected by users		Low awareness: one to two factors selected by users	
	Women	Men	Women	Men	Women	Men
	23%	17%	23%	30%	54%	53%

> " I am very careful when I download any app. I always use the Google Play store to download an app after I discuss it with my husband. "
>
> —A female user

2.7. Insights on non-loan takers

Key behavioral traits of non-DLA users who do not borrow from DLAs*

Reasons why users did not take loans from a digital lender (%)

- 27%
- 29%
- 3%
- 36%
- 5%
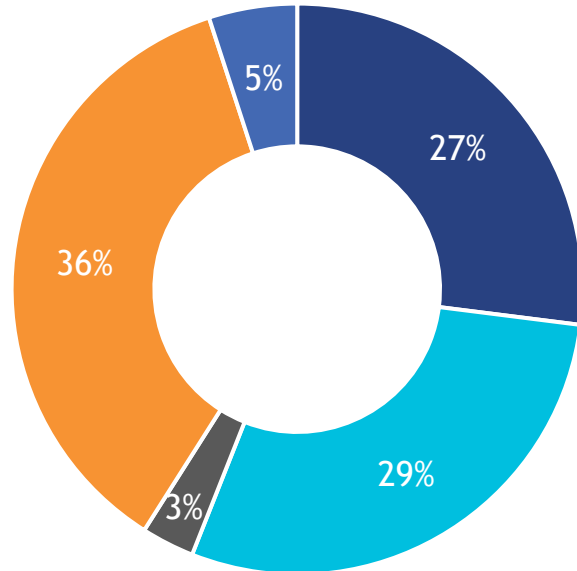
- ■ I donot need loan
- ■ I can easily take loan from elsewhere
- ■ I donot own a smartphone
- ■ I have not heard about them
- ■ I want to but I donot feel confident to take loans from a loan app

Key behavioral traits of users who do not borrow from DLAs

- ❧ Users generally have limited awareness and knowledge of how to download or use lending applications. They still view physical banks that offer physical engagement on loans as a legitimate source to avail of loans.

- ❧ Most non-loan takers identified the risk of fraud as a major constraint to downloading lending applications.

- ❧ Alternate loan or credit options from banks, farmer-producer organizations (FPOs), and self-help groups (SHGs) are another reason why non-loan takers do not consider lending applications.

> " I prefer banks for my loan needs and have more trust in government institutions than private lending platforms. "
> —User

> " I am not aware of any lending applications. Moreover, my SHG fulfils my credit needs already. "
> —User

*MSC and *Swadhaar* collected data from low- and middle-income segment. These users were not sourced from existing FinTech companies. Sample size = 101
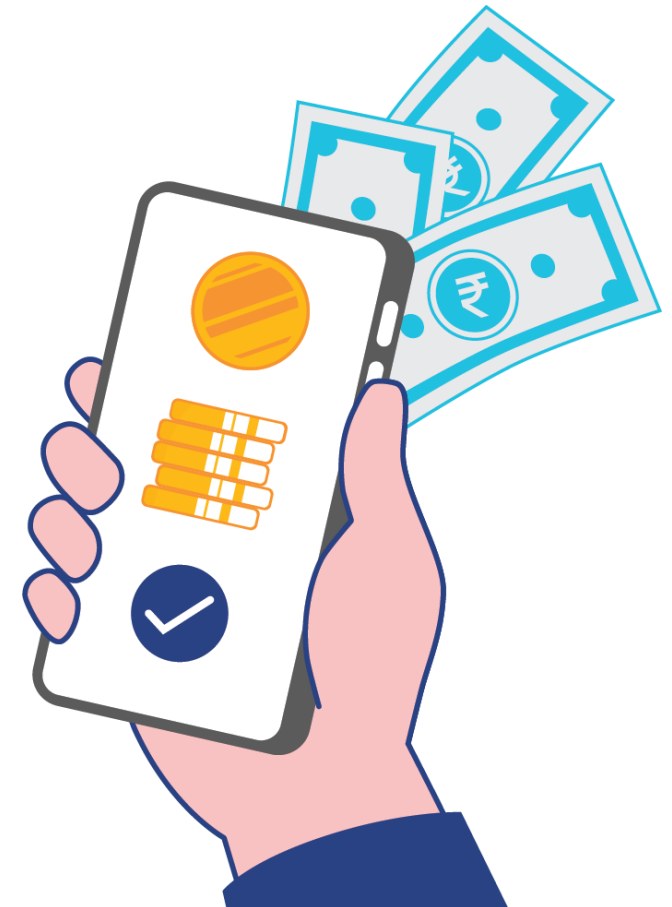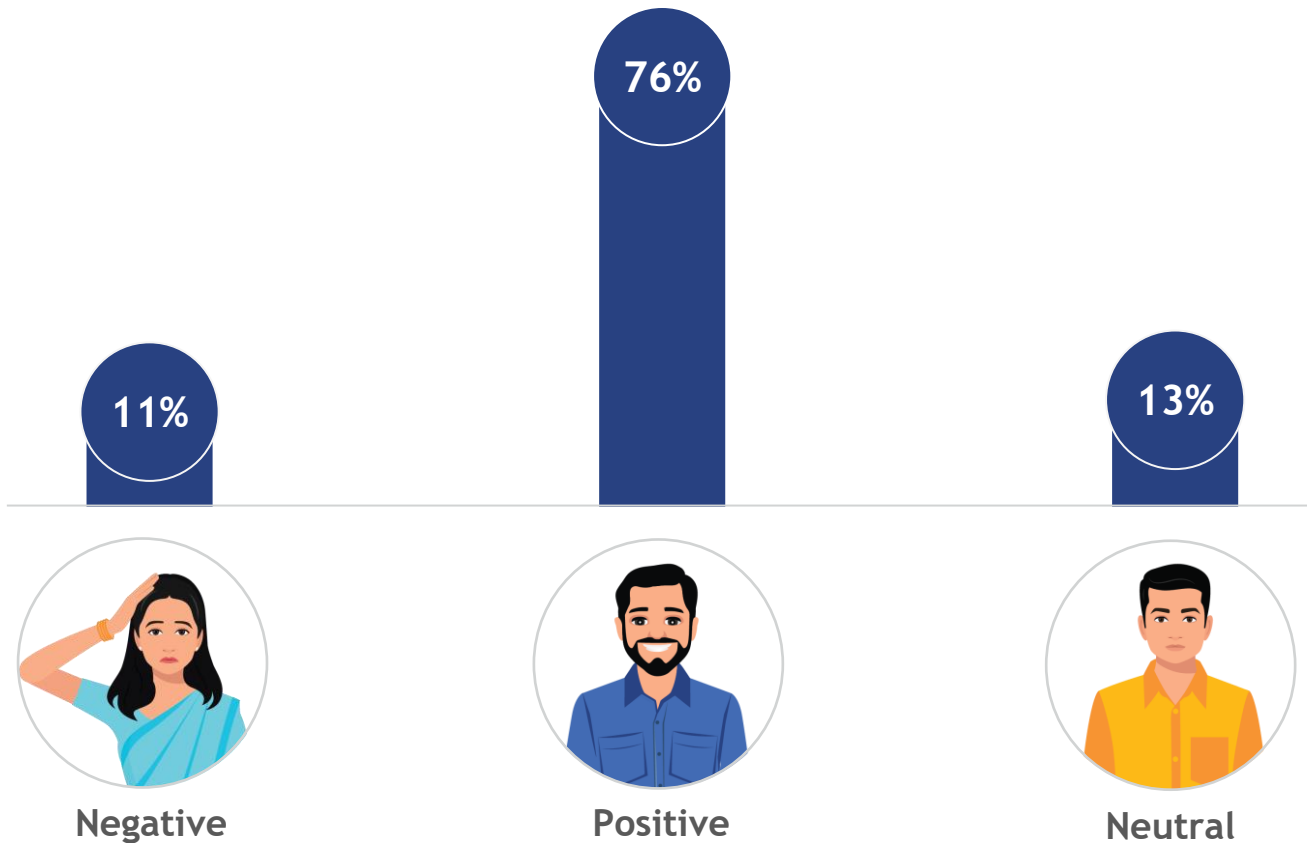
2.8. Impact of access to loans from DLA

Despite the positive impact on the lives of most users who borrowed from lending applications, a constant risk of being defrauded persists

How access to loans through lending applications affects users' situations (%)

N=1,647

11%	76%	13%
Negative	Positive	Neutral

2.9. Recommendations

Positive awareness among users around DLAs and the strengthening of existing measures will curb the spread of illegal applications (1/2)

01 | Positive awareness and knowledge among users on DLA

The study's overall insights are encouraging. Users demonstrate an awareness when they download apps from the app store and evaluate lending apps across various aspects. However, measures must be taken by DLAs and authorities to increase users knowledge of ways to detect illegal DLAs. Simple metrics, such as ratings or indicators for verification by SRO or RE, can prove beneficial in this regard.

02 | Until an RBI or government-approved list of DLAs or an agency like DIGITA emerges that can approve loan apps before distribution, there is a need to:

- Ensure app stores enforce strict measures for legitimate associations with regulatory entities (REs);

- Strengthen onboarding, verification, monitoring, and reporting processes to curb the proliferation of illegal lending apps across various app stores;

- Advocate for a standardized baseline standard across all app stores to ensure uniformity in verification, hosting, reporting, delisting, and dispute resolution;

- Industry associations, such as FACE, should play a crucial role to present fraud evidence to prompt action from app stores and bring together industry stakeholders;

- Facilitate regular coordination among stakeholders for effective outcomes and solutions. These include the RBI, government, law enforcement agencies, industry associations, market players, and app stores.

2.9. Recommendations

Positive awareness among users around DLAs and the strengthening of existing measures will curb the spread of illegal applications (2/2)

03 | **Stakeholders must prioritize ongoing customer education to improve defenses against loan fraud through:**

- Provisions of easy-to-use information to confirm the legality of digital lending apps, as they rely on inputs from friends and family and check ratings and reviews on app stores;

- Introduction of a safety dimension to quick loan pitches done by DLAs, as customers prefer quick mediums and faster processes to access loans;

- Increase in awareness among customers that DLAs are not permitted to use the logo of the RBI or government entities freely. Customers tend to trust apps that show a logo they are familiar with or the logo of the government or the RBI.

Annexes

3.1. Annex 1 – Research methodology

Methodology

Survey tool:

We floated a Google form among two sets of respondents.

a) **Existing FinTech users (mostly high- and middle-income groups):**

- The Google form was submitted to the FinTech associated with FACE, which in turn pushed it to its existing app users through SMS and app notifications. The respondents were informed about the survey's purpose during the consent process. Anonymous responses were collated and used for analysis.

b) **Low-income groups in rural areas:**

- Enumerators were informed about the survey's purpose and trained to conduct the survey. They then used a snowball sampling approach to conduct these surveys for the dedicated segment.

The study duration:
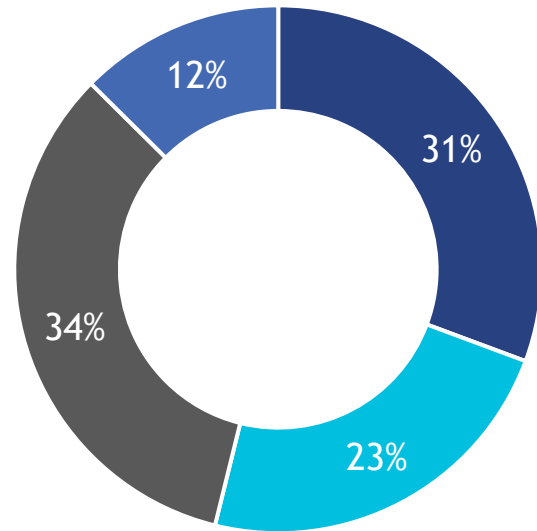
26th December 2023 – 21st January 2024

Demographics:

- Age
- Gender
- Education
- Employment
- Location
- State

3.2. Annex 2 – Demographic profile (1/2)

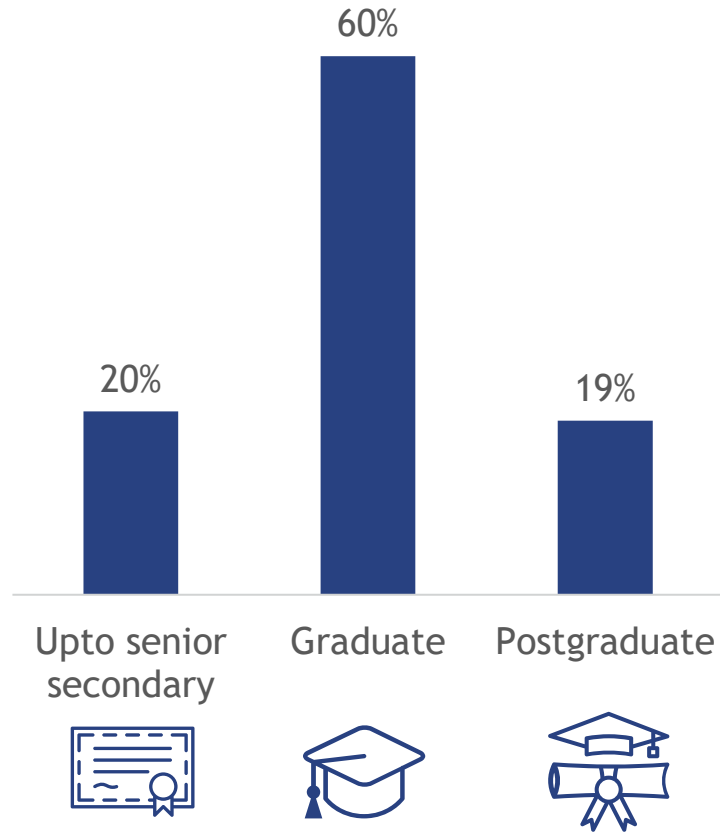## Demographic profile of respondents (1/2)

Age distribution of respondents

- 18-25 yrs: 31%
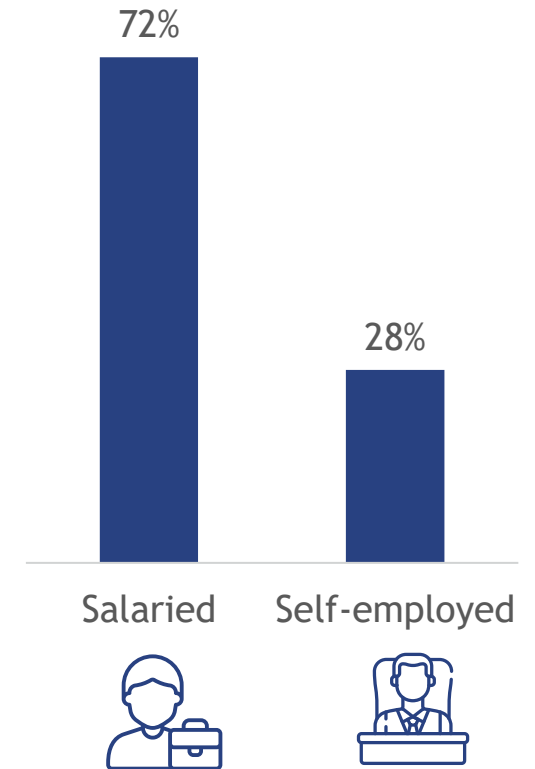- 26-30 yrs: 23%
- 31-40 yrs: 34%
- Above 40 yrs: 12%

Education qualification of respondents

Upto senior secondary	Graduate	Postgraduate
20%	60%	19%

Employment types of respondents

Salaried	Self-employed
72%	28%

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Demographic profile of respondents (2/2)

Breakdown of urban and rural setting among respondents

- **Rural:** 23%
- **Urban:** 77%
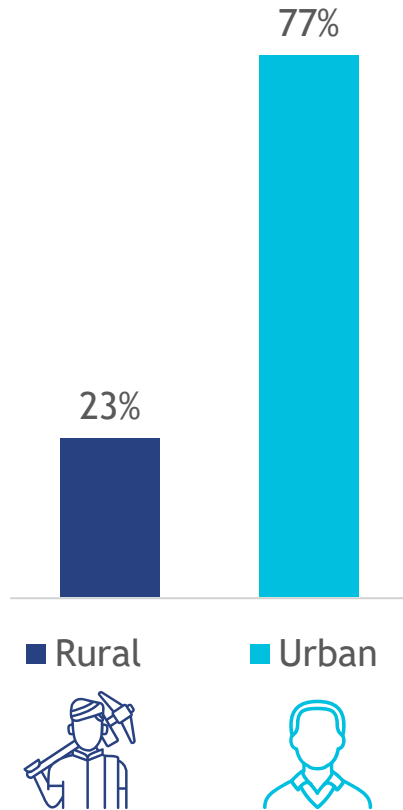
Top four states with maximum respondents

- Telangana: 6%
- Karnataka: 8%
- Uttar Pradesh: 12%
- Maharashtra: 15%
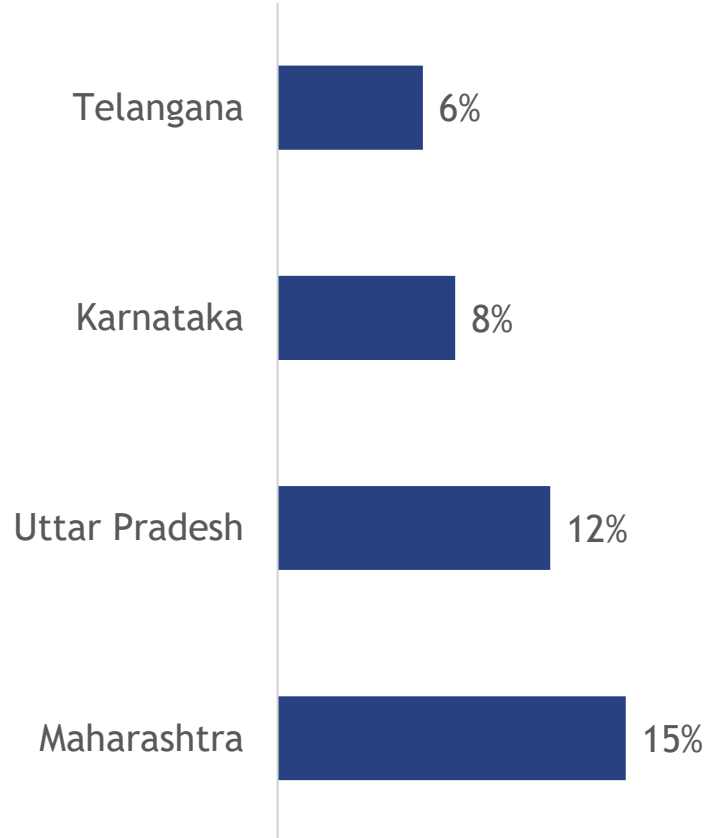
Gender-wise breakdown of respondents

- **Female:** 7%
- **Male:** 93%

FACE | MSC
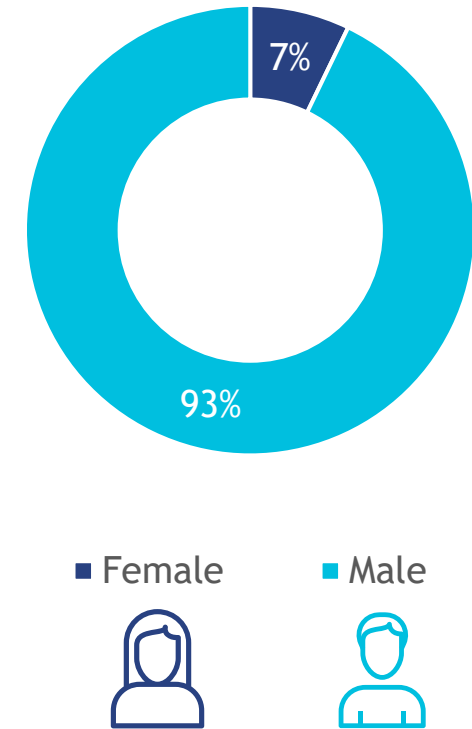
3.4. Annex 3 - Abbreviations

Abbreviation	Full form
RBI	Reserve Bank of India
RE	Regulated entities
DLA	Digital lending application
GNI	Gross national income
GRM	Grievance resolution mechanism
PAN	Permanent Account Number
KFS	Key fact statement
LSP	Loan service providers
EPFO	Employees' Provident Fund Organization
NBFC	Non-Banking Finance company
FACE	Fintech Association for Consumer Empowerment

3.5. Annex 4 – Variables of analysis

Ideal factors for users to determine the lending application's authenticity

Sources to download applications

Factors	How authentic is this?
Only from Google Play store or Apple's App Store	Secure platforms with suitable security measures
From other app stores	Mostly third-party platforms; not as secure and safe from malware as compared to Google Play store or Apple's App Store
From any link received from a person I know on SMS, WhatsApp, Email, or Telegram, among others	Likely unsecured and redirects to third-party platforms
From any link received on SMS, WhatsApp, Email, Telegram, or others	Likely unsecured and redirects to third-party platforms
From any link on social media, such as Instagram, Facebook, X, or others	Likely unsecured and redirects to third-party platforms

Verification of the legality of applications

Factors	Why is this important?
Feedback from friends, family, or colleagues	Subjective insight based on relatives' personal experience
Rating on the app store	Feedback on users' experience with the app
Customer reviews on the app store	More reviews capture better customer experience
Number of downloads on the app store	Implies user acquisition and usage; higher downloads implies more trust
App's partnership with a non-banking financial corporation (NBFC) or bank	Lenders can gain access to a large pool of funds for timely and affordable credit
The type of data the app takes	Concerns around the security of users' confidential data

Please note: All factors were identified based on FACE's earlier research

3.5. Annex 4 – Variables of analysis

Ideal factors for users to determine the lending application's authenticity

Knowledge of loan from lending applications

Factors	Why is this important?
Name of the NBFC or bank that gives loans	Partnership with a reputable bank boosts the lending app's credibility and implies adherence to banking standards and regulations.
Name of digital lending app (DLA)	Established platforms often offer reliable customer support and help borrowers throughout the lending process.
Name of loan service provider (LSP)	Reputable providers implement robust security protocols to protect customer data.
Annual percentage rate (APR)	APR promotes lending transparency by informing borrowers of all loan costs, which prevents surprises in hidden charges during repayment.
Key fact statement (KFS)	A KFS is a standardized form that includes all fees, charges, and other important credit information that consumers need to make financial decisions.
Equated monthly installment (EMI) amount or date	Knowledge of the due date prevents late payments and penalties and maintains a good credit score for customers.
Loan disbursed or balance amount	The loan or balance amount helps borrowers budget and plan their finances and determines whether the monthly payments fit within the budget.
Loan tenure	The tenure helps borrowers assess the impact of interest on the total repayment and choose a tenure that minimizes the overall interest burden.
Penalty charges for delayed payment and closing loans earlier, among others	Knowledge of penalties encourages timely payments, which helps customers avoid unnecessary extra charges and fees.
How to register a complaint through grievance resolution mechanism (GRM) and app, NBFC, or bank, and the RBI	GRM provides customers with clarity on their rights and legal recourse in case of disputes and offers protection against potential malpractices.

Please note: All factors were identified based on FACE's earlier research

Acknowledgment

We thank FACE member companies and their customers for responding to the survey. We also thank *Swadhaar* for their support in getting us perspective of users who have not taken digital loans yet.

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

You can access all our reports here. Please reach us at teamface@faceofindia.org for clarifications or suggestions on the report.

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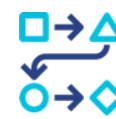**Advisory that helps you succeed in a rapidly evolving market**

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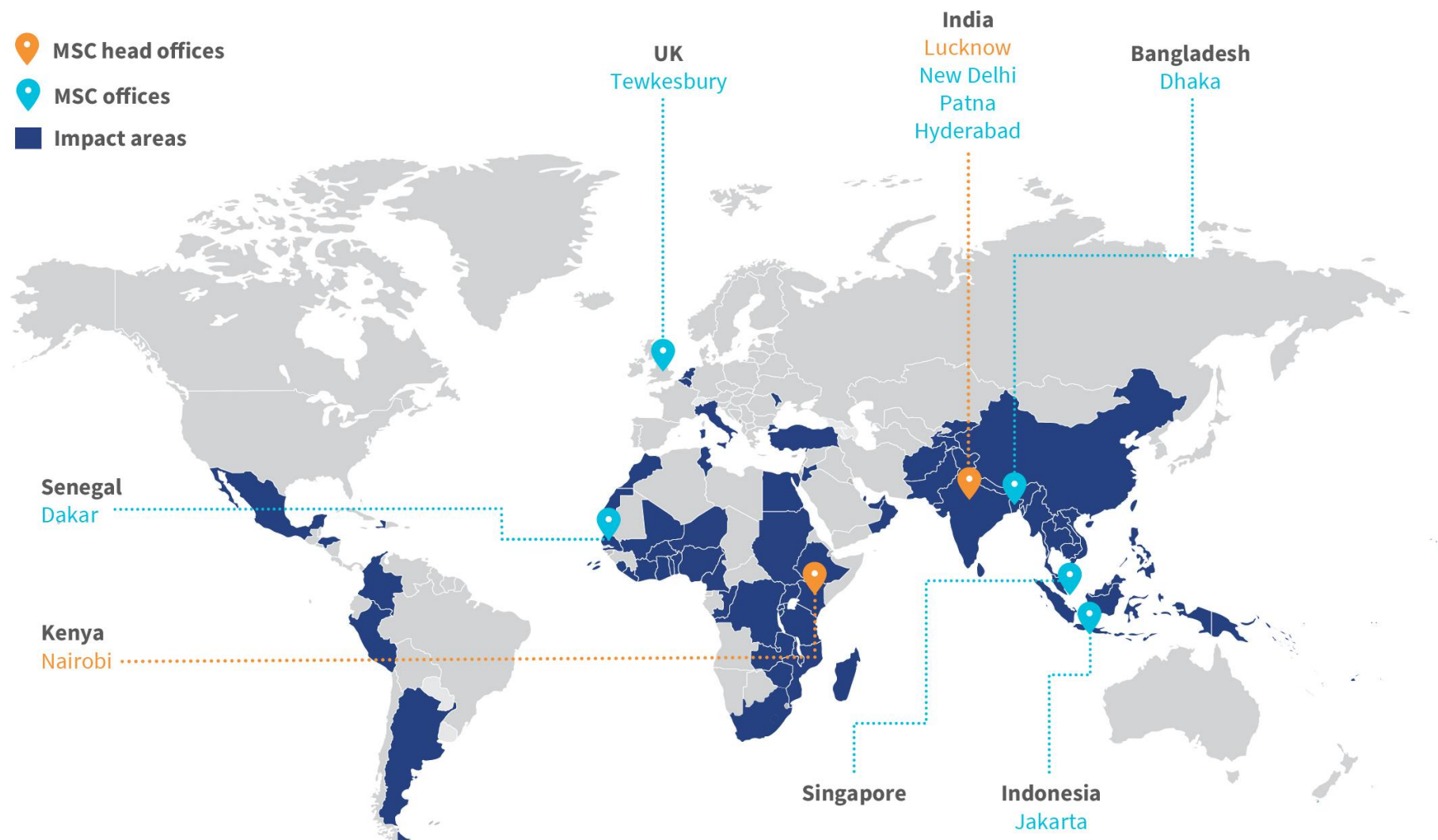- Training
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