



Fintechs lead the way in digital fintech inclusion: FACE Report

Fintech NBFCs double their share in six years, accounting for 65% of loan sanction volume and 11% of the loan sanction value in the overall personal loan market in FY 23-24.

Mumbai, 29 Jul 2024: The [Fintech Association for Consumer Empowerment \(FACE\)](#), a leading industry body that brings together fintechs, has published a comprehensive report titled Fintech Personal Loans. This report, which spans six years from Apr 2018 to Mar 2024 and is based on data from 71 Fintech NBFCs, provides a detailed analysis of the industry's trends. It measures the growth of fintech loans in terms of scale, reach, and borrower segments, and presents a comparative analysis with other NBFCs and Banks.

Since its beginning in 2015-16, the fintech lending industry has been a key driver of digital financial inclusion. In the fiscal year 23-24, loans by fintech NBFCs accounted for a significant two-thirds of the personal loan market in volume terms and one-tenth of value. Notably, two-thirds of the sanction value went to young (< 35 years of age) and more than a third to borrowers belonging to Tier III and beyond, underscoring the pivotal role of fintechs in advancing financial inclusion.

Commenting on the report, Sugandh Saxena, CEO of the Fintech Association for Consumer Empowerment (FACE), said, "Report attests to needs of a large customer for simple, customised and convenient access to digital credit and fintech's ability to deliver to this segment. Customers' trust hinges on fintechs ability to responsibly use data, technology, and innovation to offer products and services suited to their needs. Given the potential demand, the industry has a huge task ahead. An expanding digital economy nurtured by public policy, infra and regulations creates fertile ground. The backdrop is moving - customer needs, regulations, technology, funding position. Technological developments, in particular, bring new prospects and risks. Fintech's ability to capitalise on technology to improve customer experience and business conduct and prevent risks and fraud is mission critical for success ahead. As a collective, we are mindful of the choices and treading the path responsibly".

Key findings from the report

- **9 Cr fintech loans in FY 23-24:** Fintech NBFCs sanctioned nearly 9 Cr loans totalling Rs 98,111 Cr in FY 23-24, 65% of volume and 11% of value in the overall personal loan market. From FY 18-19 to FY 23-24, fintech loans' share in sanction volume increased from 30% to 65% and in sanction value from 4% to 11%. In six years since Apr 2018, despite setbacks of COVID-19, the industry disbursed over 24 Cr loans worth Rs 2.7 Lakh Cr. As of Mar 2024, the outstanding loan volume for fintech personal loans was 4.84 Cr with a total value of Rs 70,049 Cr. This represents fintech NBFCs share of 5% in overall personal loan outstanding and over a third in active loan volumes.
- **Steady growth:** Like the overall personal loan market, fintech personal loans have steadily grown. With scale, growth is normalising, as the growth rate for sanction volume and value in FY 23-24 is half the growth rate in FY 22-23.
- **Geographical spread:** The digital process breaks the geographical barriers to access, and the data shows that fintech borrowers come from 717 districts in 35 states/UTs. The top 10 states account for over three-fourths, and the top five for half of the outstanding. Every third customer belongs to Tier III and beyond.
- **Younger borrowers:** Over two-thirds of loans by sanction value in FY 23-24 went to borrowers under 35.



- **Climbing up:** Fintech loans are climbing in ticket sizes, bureau vintage, and risk chain, with more than half of the sanction value coming from borrowers with ticket sizes > Rs 50k, bureau vintages of 5 years+, and mid-low credit risk.
- **Small-value loans:** Fintech primarily serves the vast aspirational mass market with an annual family income of Rs 3-12 Lakhs. These customers require a spectrum of credit products, and the fintech loan ticket size composition reflects that. At an aggregate level, fintechs have an average ticket size of about Rs 11,000; half of the sanction value goes to ticket sizes under Rs 50,000. However, the overall composition of fintech loans is much more diverse and spread in different ticket sizes.
- **Portfolio quality:** Portfolio quality is consistently improving, with dpd 90+ at 3.5% in Mar 2024.
- **Link to the report:** https://faceofindia.org/wp-content/uploads/2024/07/Fintech-Personal-Loans-Mar-2024_website-1.pdf