

Navi InstantPay Micro-Loan



Problem Statement

- Many customers abandon transactions due to insufficient balance at checkout.
- Even if eligible for loans, the application process is slow and separate from checkout.
- This creates friction → lost revenue & lower conversion rates.

Proposed Solution

- Integrate a micro-loan option directly on the final payment page for eligible customers.
- Loan limit dynamically set based on transaction history, repayment behavior, and Navi credit model.
- One-tap acceptance → auto-approval → instant settlement.
- Autodebit for repayment on due date (with reminders).

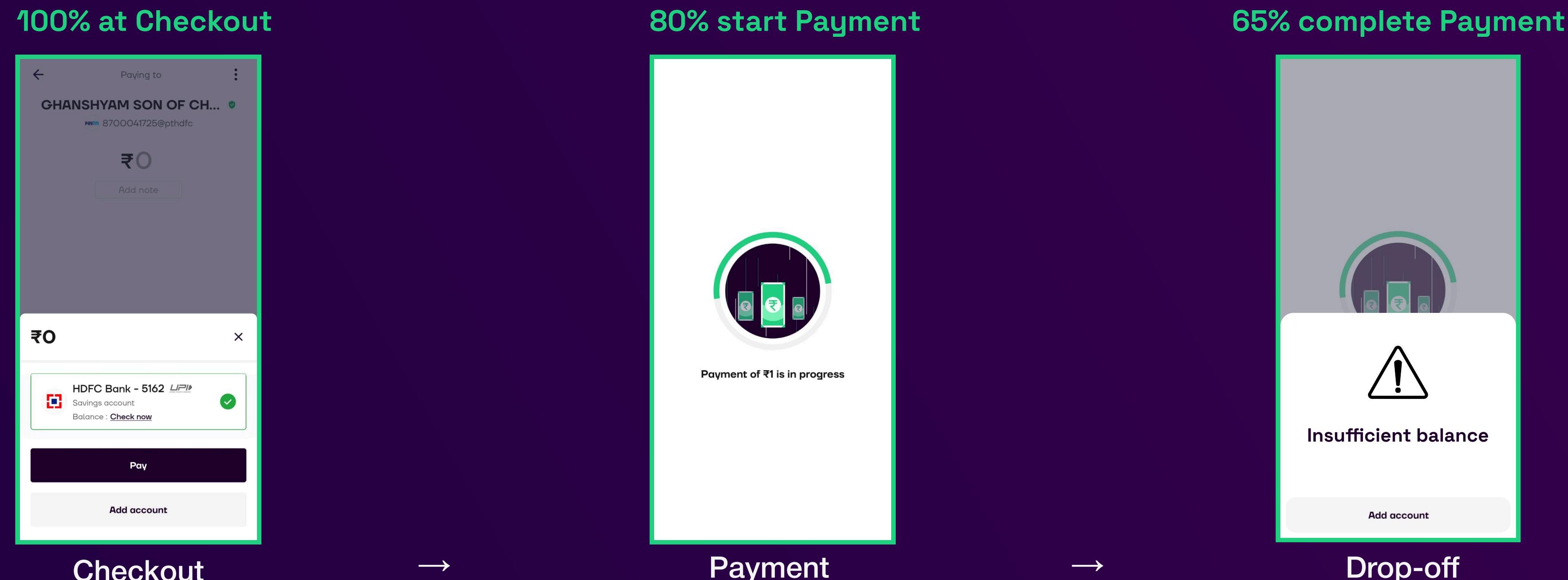
Expected Impact

- Improve checkout conversion
- Add loan revenue
- Increase retention

Pain Points & Evidence

- Users drop out at final payment due to insufficient balance
- Separate credit application processes add friction and time
- Lost conversions = immediate revenue loss + lower lifetime value

Funnel Analysis



Means 15% drop-off at payment stage



Goals & success criteria

- Increase checkout conversion for targeted users by +5% (target).
- Achieve loan uptake of 8–12% among eligible offers.
- Maintain on-time repayment $\geq 95\%$, delinquency $< 3\%$.
- Positive unit economics (NIM after defaults $> 6\%$ projected).

KPIs Cards

Checkout Conversion
+5% uplift
Baseline: 62% → 67%

Loan Uptake Rate
8–12% among offers
Baseline: 0%

Loan Uptake Rate
8–12% among offers
Baseline: 0%

Net Interest Margin
>6% post-default
Baseline: N/A

Key User Personas



Sahil
(Power shopper)

Pain Points:

- Runs out of balance during checkout
- Frustrated by failed transactions
- Doesn't want to interrupt shopping flow

Acceptance Triggers:

- Instant credit availability
- Seamless repayment
- No extra app navigation



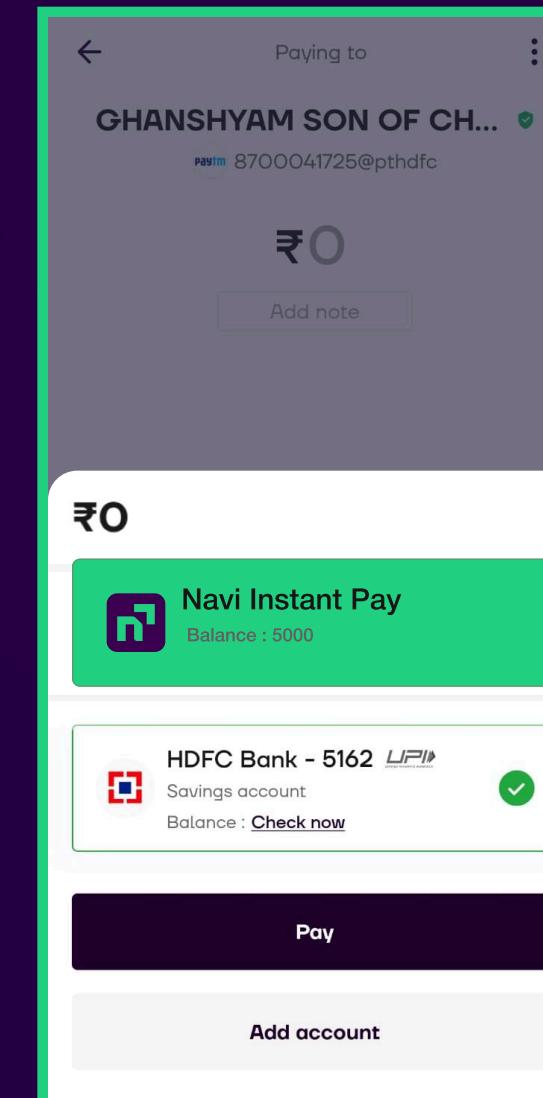
Priya
(Occasional buyer)

Pain Points:

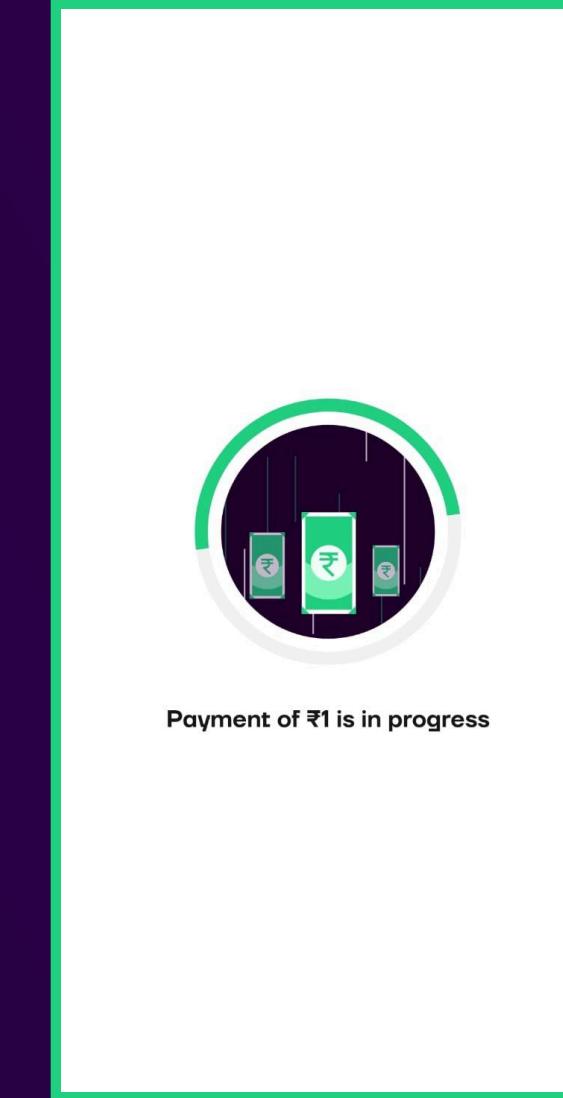
- Abandons cart if process is slow
- Doesn't like long forms
- Wants clarity on repayment terms

Acceptance Triggers:

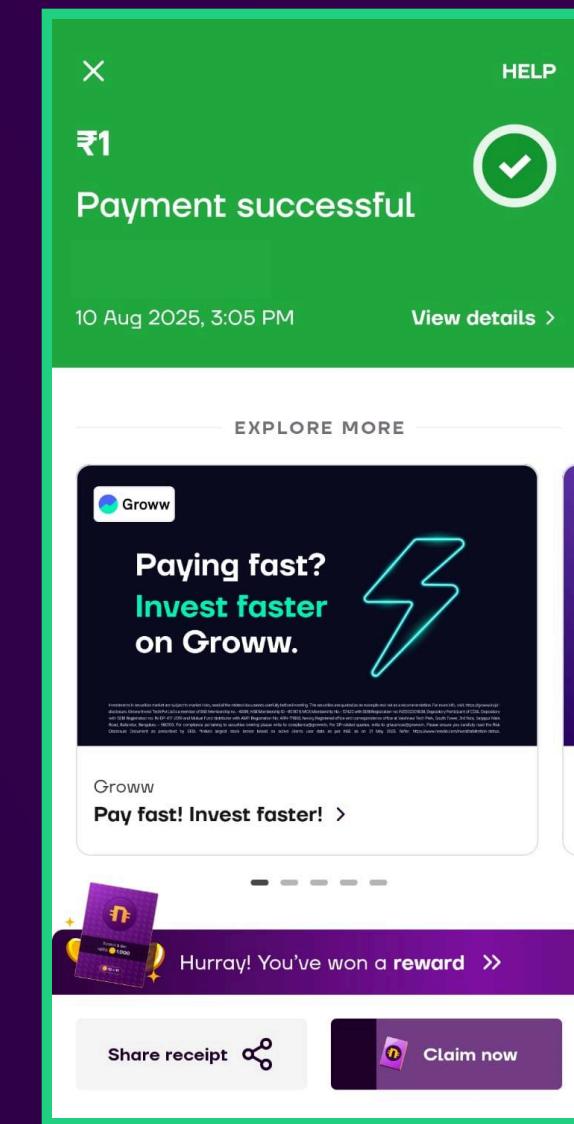
- One-tap checkout
- Clear loan amount & repayment date
- Trust in brand security



Selecting Navi Instant Pay at the payment gateway showing available balance



On confirmation, the loan is instantly credited to the merchant/payment gateway



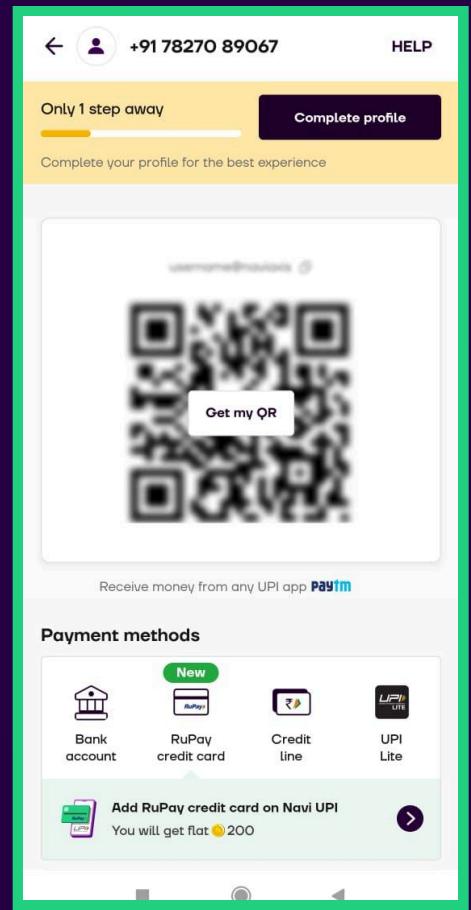
checkout completes immediately — no need for the user to leave the flow



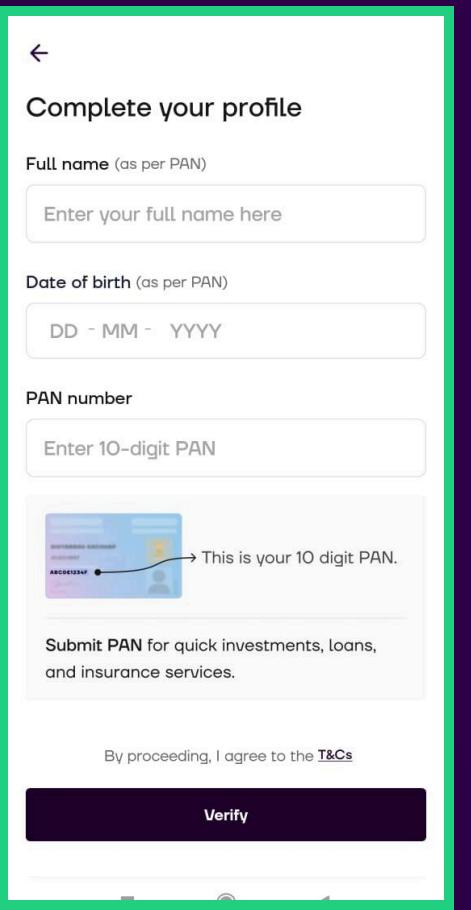
User Flow

Setup :

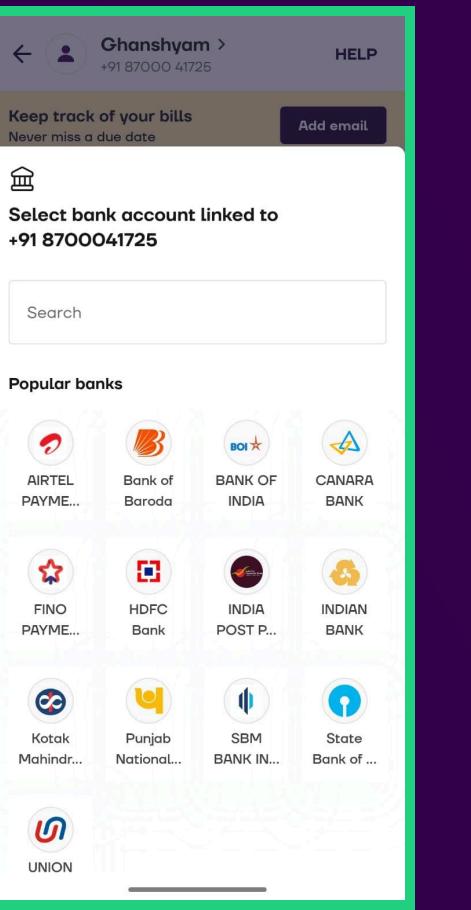
Payment Page (Starting Point)



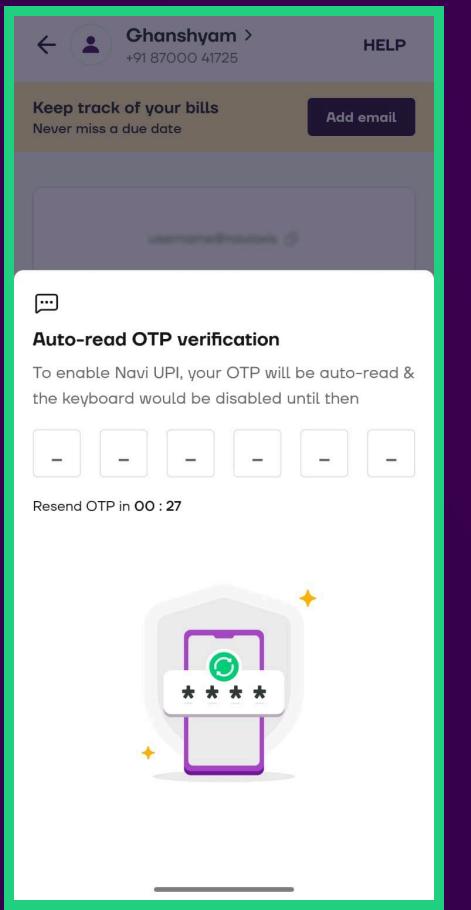
Complete Profile
The app prompts the user to fill out KYC details:
Full name (as per PAN)
Date of birth
PAN number
This step is for eligibility verification & compliance



Link Bank Account
User selects their bank from a list of popular banks.
This allows the app to set up auto-debit for repayments.

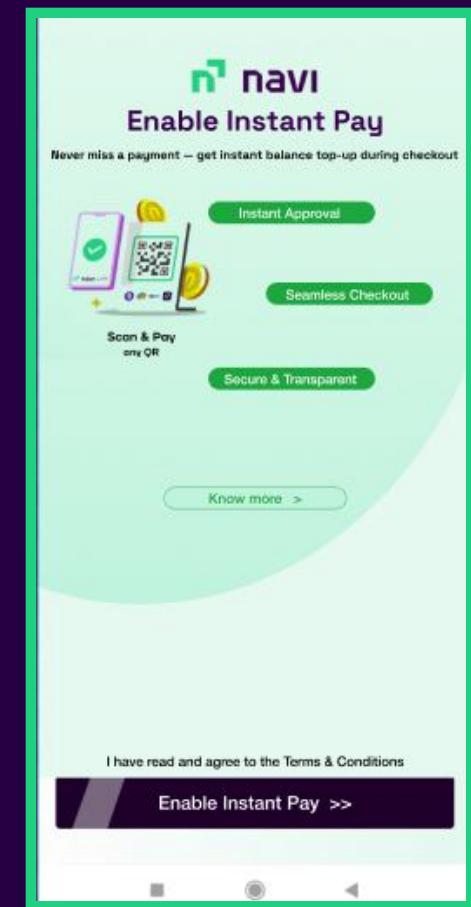


User verifies bank linking via auto-read OTP (simplifies UX).

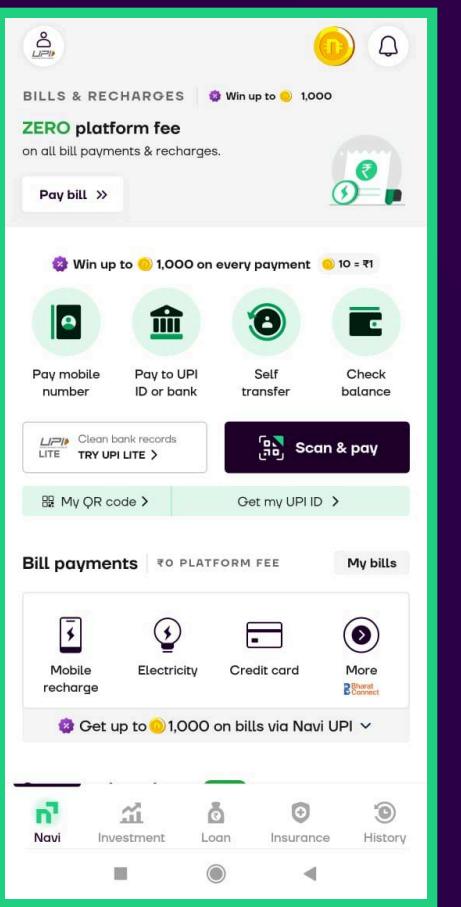


Enable Instant Pay (Setup Screen)
Clear explanation of benefits (instant approval, seamless checkout, secure).

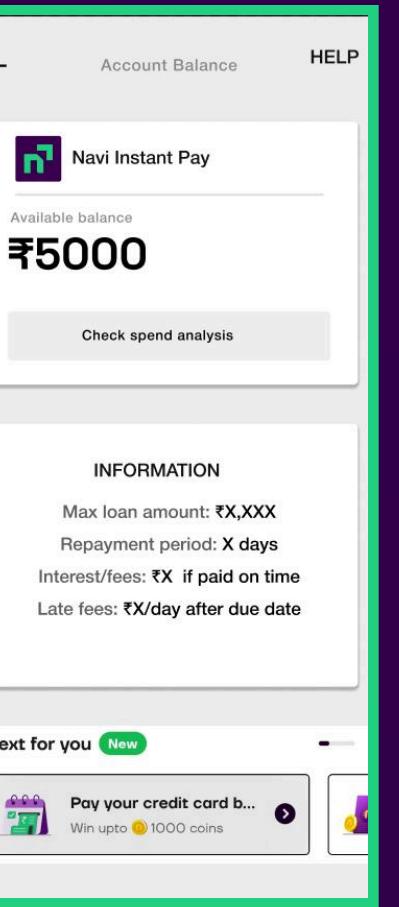
A big Enable Instant Pay button at the bottom after accepting T&Cs.



Bills/Dashboard View
After enabling, the user is redirected to their main dashboard (bills & payments).
This page now shows the option to use "Instant Pay" during transactions.



Loan Limit Screen
User sees available Instant Pay limit (e.g., ₹5,000).
Option to "Check Current Status" and view repayment details.
Additional small print shows terms, repayment date, and late fee info.



Eligibility & MVP Risk Model (Rule-based)

MVP eligibility (rule-based)

- Credit score ≥ 650 (internal model).
- No active/defaulted loan.
- Account age ≥ 3 months.
- Avg monthly spend $\geq ₹X$ and recent txn in last 30 days.
- Cap: max micro-loan = $\min(₹5,000, 20\% \text{ of avg monthly spend})$.

MVP (Minimum Viable Product)

This is the bare-bones launch that proves the concept works and starts collecting usage data.

1. One-tap CTA on checkout

- On the payment page, users see a single button to instantly get the loan amount and pay.
- No extra navigation, no complex application flow.

2. Instant approval via rule engine

- Decisions made by the simple eligibility rules we discussed earlier (credit score, account age, spend level, etc.).
- Fast response, minimal friction.



MVP (Minimum Viable Product)

4. Auto-debit repayment + one reminder
 - Repayment scheduled automatically from linked account.
 - A single payment reminder before due date — keeps operations simple.
5. Basic loan record in account
 - The user can see basic loan details (amount, date, due date) in their profile, but not advanced history or analytics.

Version - 1 (Enhanced)

Once MVP is tested, feedback collected, and risk model refined, you upgrade to v1.

1. Variable interest based on risk tier
2. Flexible repayment options (7/14/30 days)
3. In-app loan history & pay early option
4. Fraud detection rules.



Key metrics

1. Offers Shown: number of checkouts where CTA shown.
2. Loan Uptake Rate = (Loans Accepted) / (Offers Shown).
3. Conversion Uplift = (Conversion_with_offer – Conversion_control) / Conversion_control.
4. Repayment Rate = Loans Repaid On-time / Total Loans.
5. Delinquency30 = Loans >30 days past due / Total Loans.
6. Average Loan Size, ARPU uplift, NIM (interest revenue – defaults – operating cost).

Data & schema

1. Users: user_id, signup_date, credit_score, account_balance, city, tenure_months, kyc_flag.
2. Transactions: txn_id, user_id, txn_date, txn_amount, payment_method, payment_status, checkout_offer_shown (Y/N).
3. Loans: loan_id, user_id, loan_amount, loan_date, due_date, interest_rate, repayment_status (On-time/Late/Default), actual_repayment_date.
4. Sessions/Events (optional): session_id, user_id, event, event_time

** we have consider a hypothetical database to analyze the success of this feature**

Eligibility Analysis



** we have consider a hypothetical database to analyze the success of this feature**

Business Impact

Conversion Uplift Calculation

Baseline completions = $200 \times 62\% = 124$ orders/month

Target completions = $200 \times 67\% = 134$ orders/month

Extra completions = 10 orders/month

Extra revenue from uplift = $10 \times ₹2,000 = ₹20,000/\text{month}$

Loan Uptake Revenue

68 eligible customers

Assume 10% uptake rate in MVP = 6–7 loans/month

Avg loan = ₹1,000

Interest @ 2% = ₹20/loan

Interest revenue = ~₹140/month

Drop-off Reduction

- Payment drop-off: 15% of users at checkout = 30 customers lost/month
- If we recover even 1/3 through instant loans = 10 saved checkouts/month
- Each at ₹2,000 = ₹20,000 saved in lost sales (ties to #1 above).

Before

200 Customer
124 Completion (62%)

Conversion Improvement

After

200 Customer
134 Completion (67%)
+5% Uplift



Navi InstantPay Micro-Loan – Ready for Pilot Launch

"Enabling instant microloans at checkout to increase payment completions, boost revenue, and enhance user trust."

Key Achievements

- Data Preparation: Built simulated dataset of 200 users with credit score, KYC, tenure, and account balance.
- Eligibility Model: Applied business rules to identify 68 high-credit, low-risk customers (34% of base).
- Dashboard Creation: Designed Power BI dashboard to monitor eligibility distribution, credit score trends, and targetable segments.
- Business Case: Projected +5% payment completion uplift (~₹20K/month) and additional loan interest revenue.