

Navi InstantPay Micro-Loan



Problem Statement

Many customers abandon transactions at checkout due to insufficient balance, and while they may be eligible for loans, the separate and slow application process creates friction, resulting in lost revenue and 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's credit model.
- One-tap acceptance → auto-approval → instant settlement.
- Autodebit for repayment on due date (with reminders).

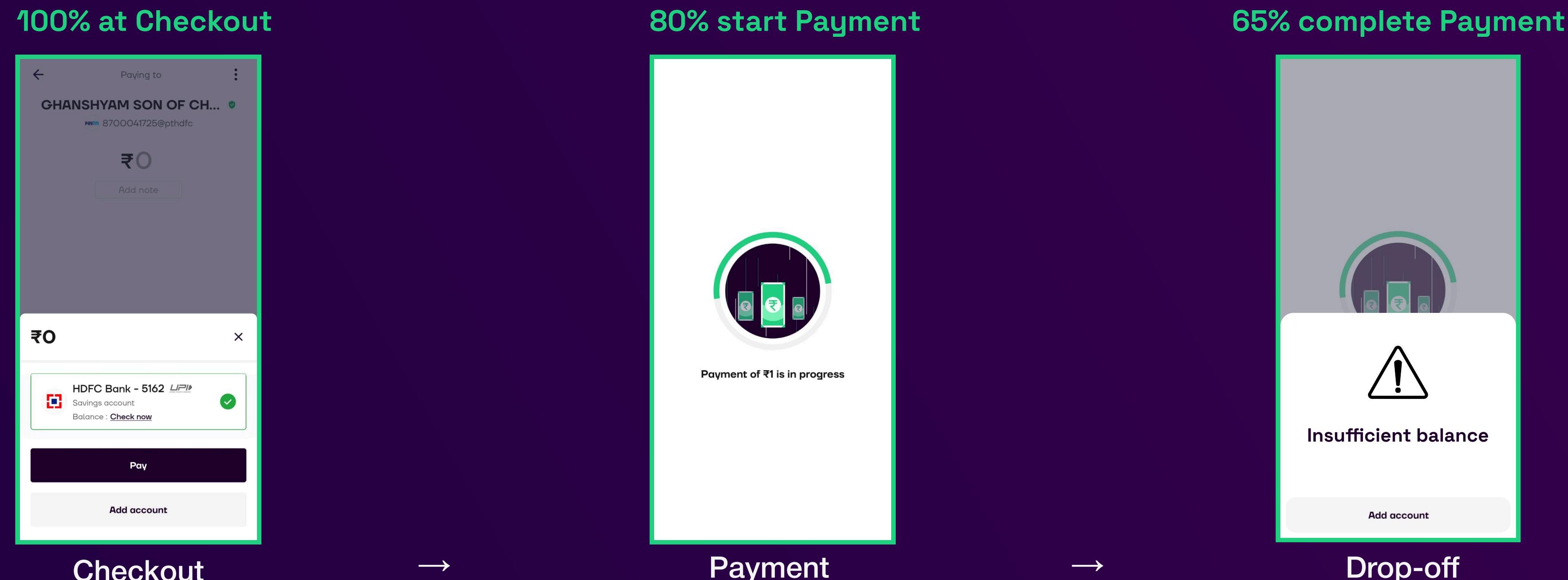
Expected Impact

- 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

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

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

On-Time Repayment
 $\geq 95\%$ repayment rate
Baseline: N/A

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



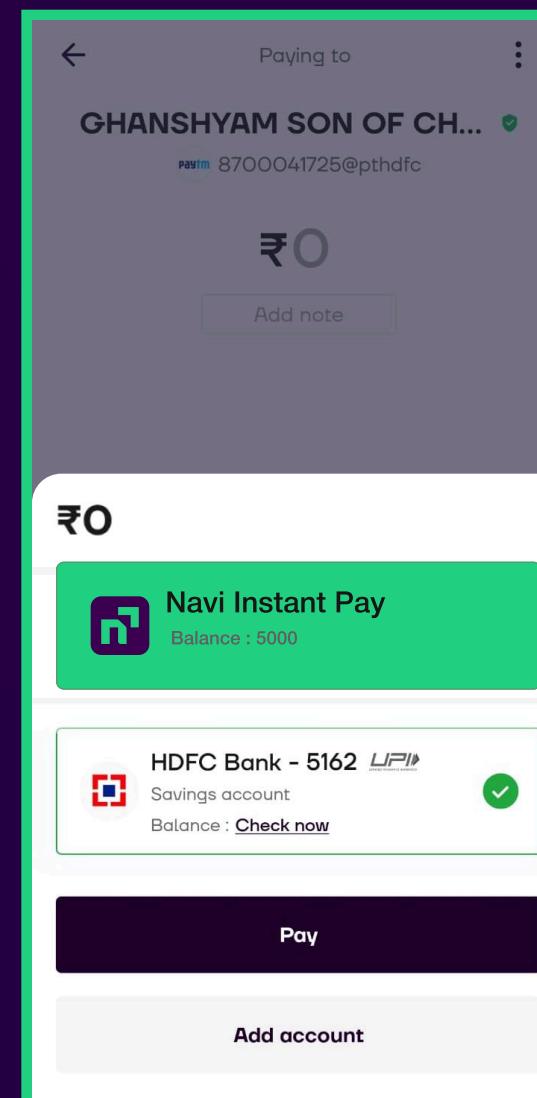
Priya
(Occasional buyer)

Pain Points:

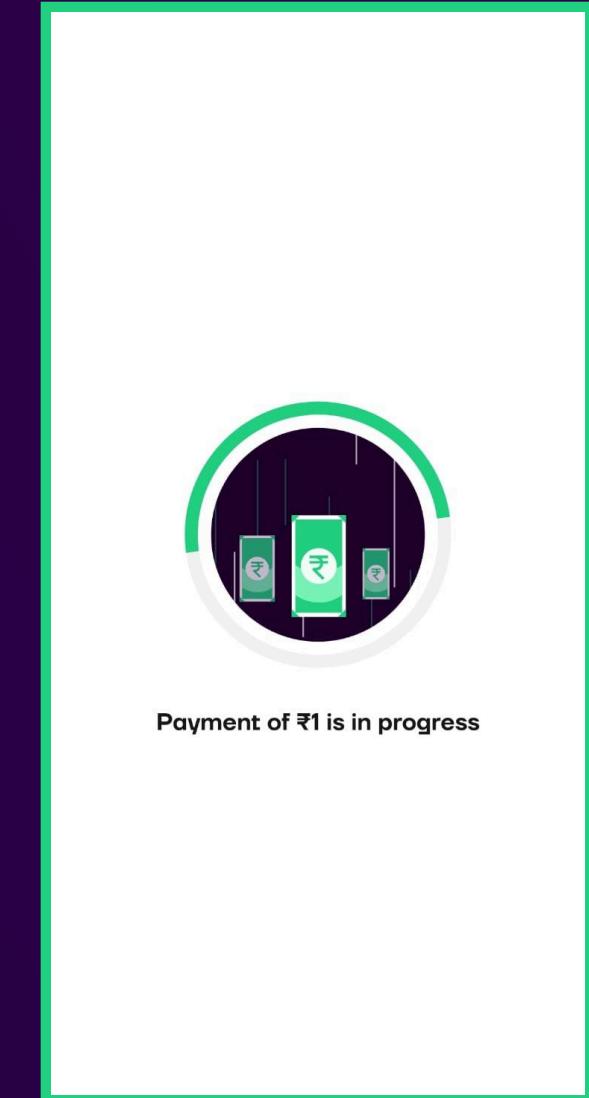
- Abandons cart if process is slow
- Doesn't like long forms
- Wants clarity on repayment terms

Acceptance Triggers:

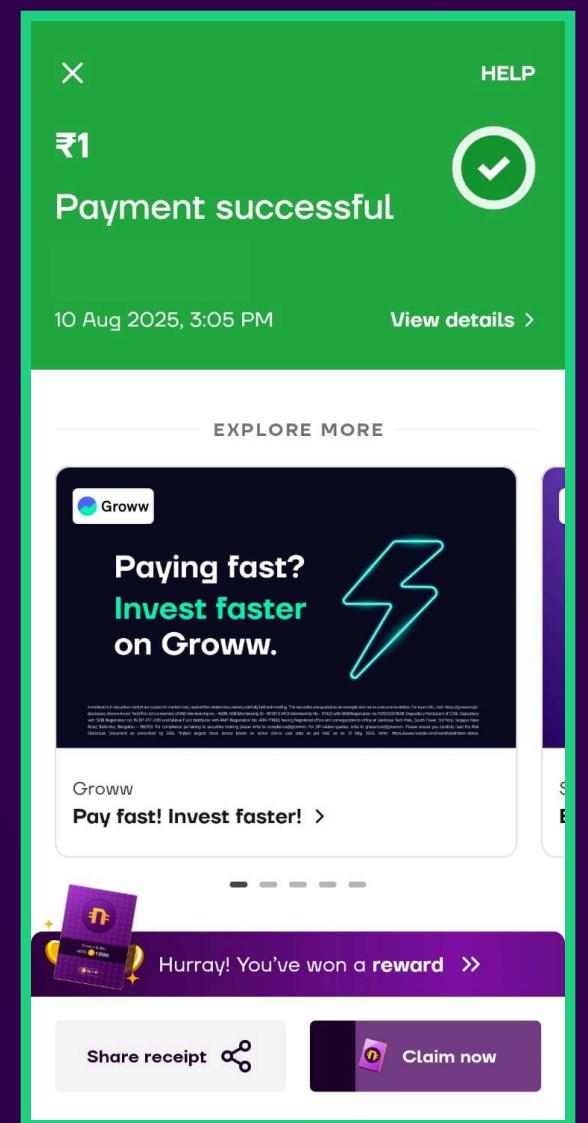
- One-tap checkout
- Clear loan amount & repayment date
- Trust in brand security



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

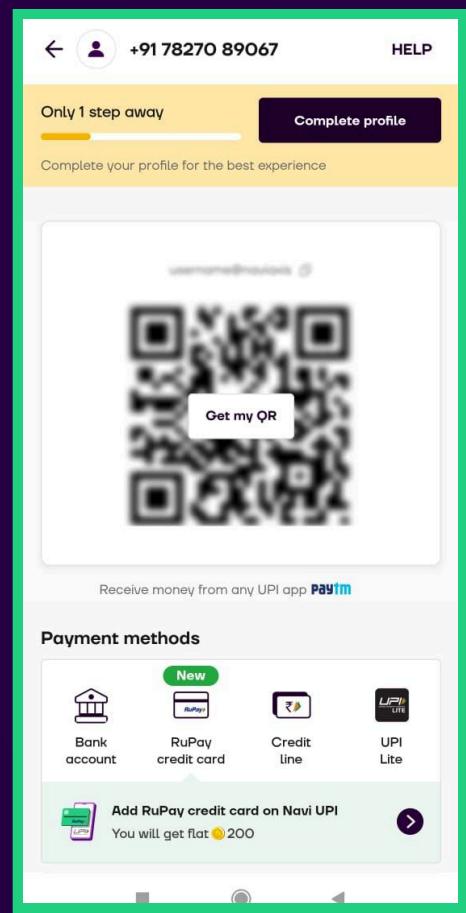


navi

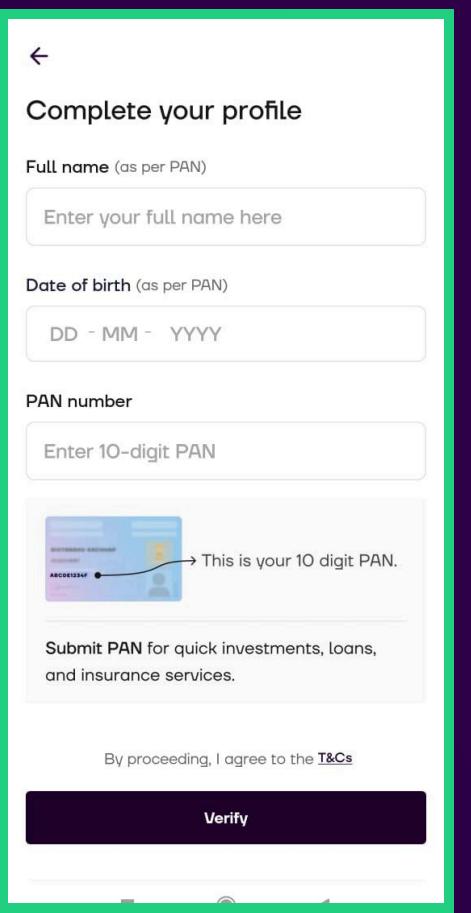
User Flow

Setup :

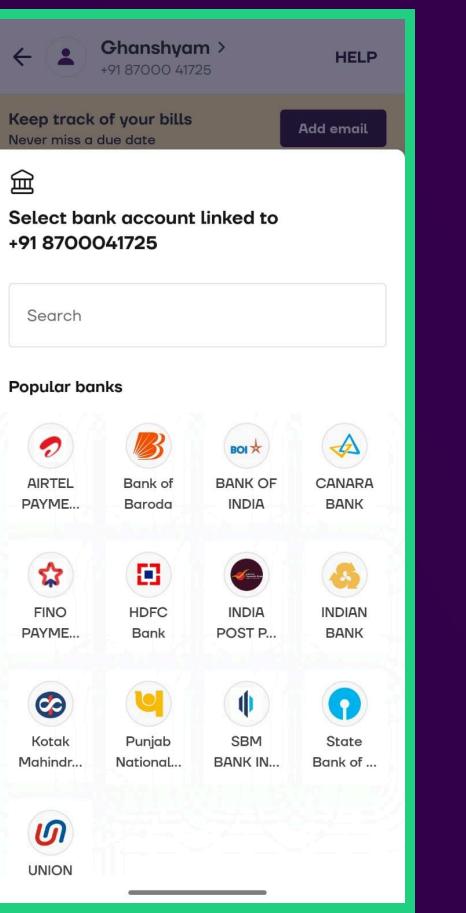
Payment Page (Starting Point)



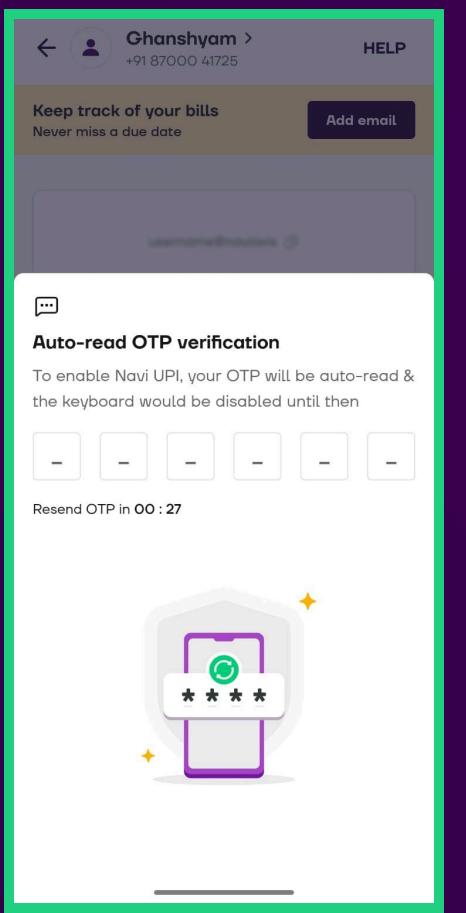
Complete Profile
The app prompts the user to fill out KYC details:
Full name (as per PAN)
Date of birth
PAN number
This step is for eligibility verification & compliance



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

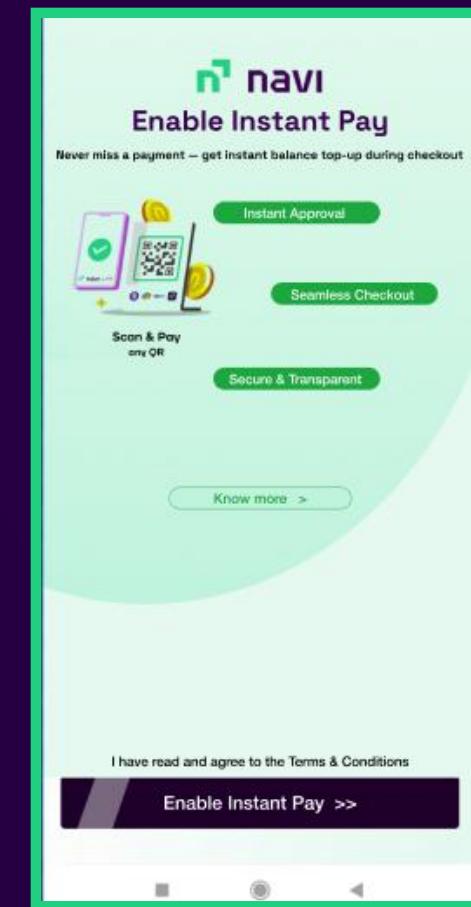


User verifies bank linking via auto-read OTP (simplifies UX).

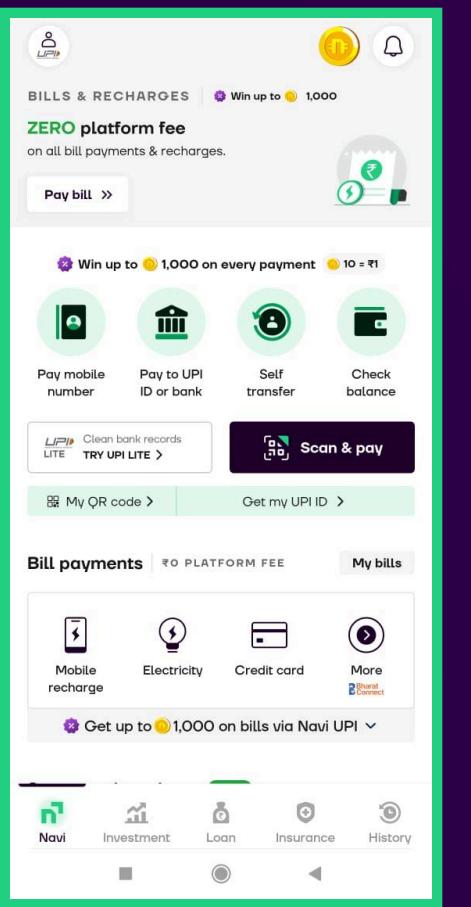


Enable Instant Pay (Setup Screen)
Clear explanation of benefits (instant approval, seamless checkout, secure).

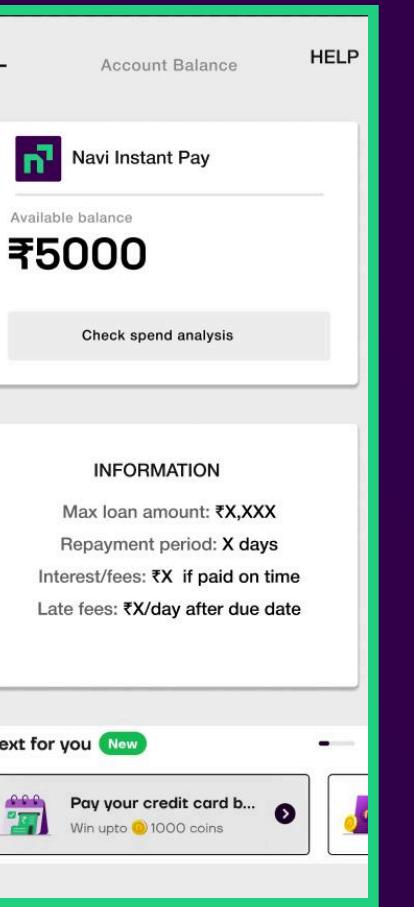
A big Enable Instant Pay button at the bottom after accepting T&Cs.



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.
- Avg monthly spend $\geq \text{₹}X$ and recent txn in last 30 days.
- Cap: max micro-loan = $\min(\text{₹}5,000, 20\% \text{ of avg monthly spend})$.

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

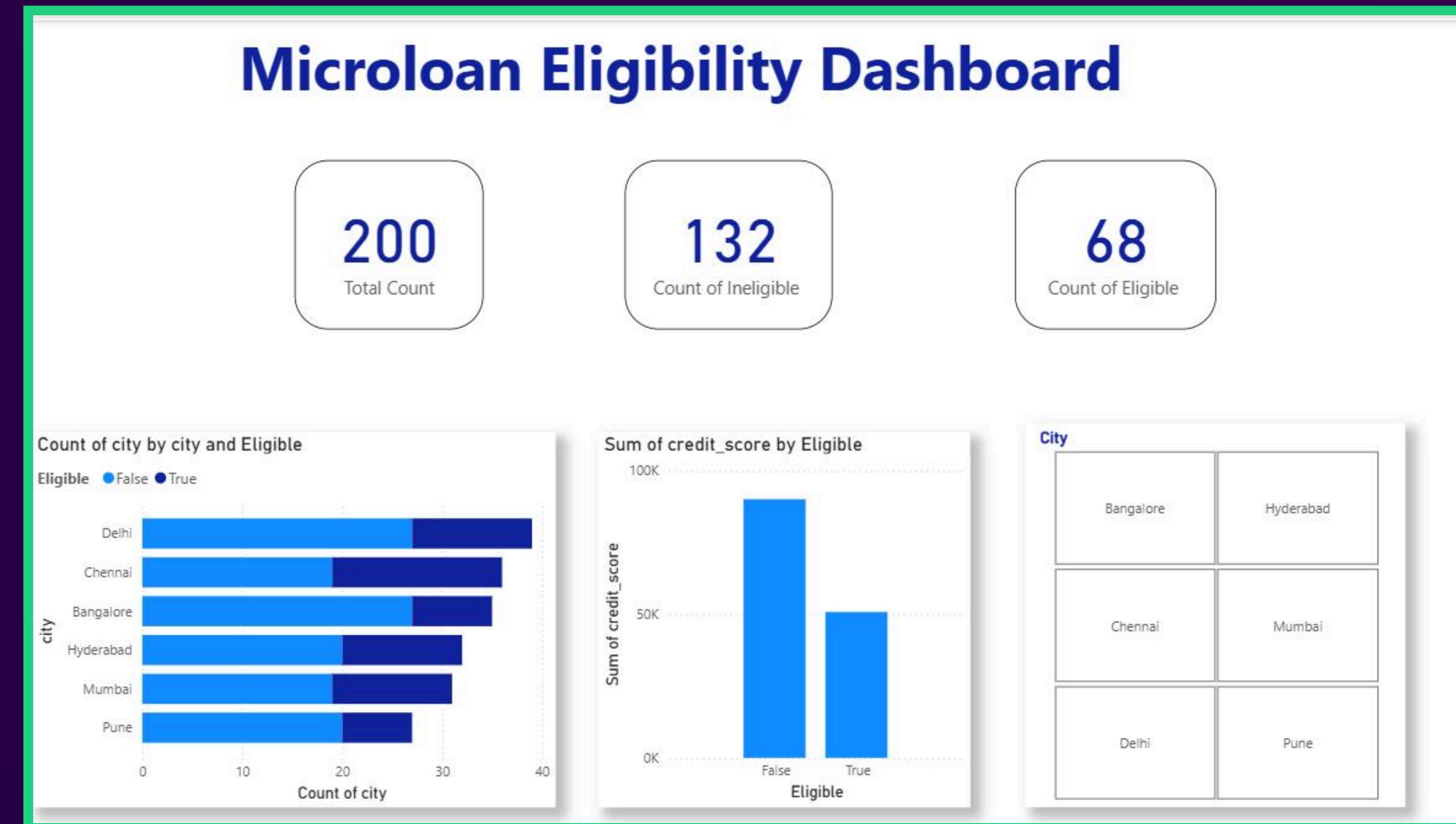
1. Offers Shown: number of checkouts where CTA shown.
2. Loan Uptake Rate = (Loans Accepted) / (Offers Shown).
3. Conversion Uplift = (Conversion_with_offer – Conversion_control) / Conversion_control.
4. Repayment Rate = Loans Repaid On-time / Total Loans.
5. Delinquency30 = Loans >30 days past due / 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 considered a hypothetical database to analyze the success of this feature

Eligibility Analysis



we have considered 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.