



## INDIA'S LARGEST P2P LENDING PLATFORM

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LEADING THE WAY FOR

**4000+**

MUTUAL FUND DISTRIBUTORS

AS CHANNEL PARTNERS

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**14,594 Cr+**  
Lent till date



**RBI**  
Registered



**1.5 Cr+**  
Registered Users

# Six Important Dates

**April 2016** —→ *RBI issued consultation paper*

**October 2017** —→ *RBI launched P2P Lending Industry by issuing Master Guidelines*

**March 2020 – March 2022** —→ *Covid Era ( RBI's priority was to look-after macro economic things)*

**Dec 2022** —→ *RBI's first visit (RBI decided to look the sector deeply in coming months)*

**June 2023** —→ *RBI's audit starts at various platforms, one by one, starting from Mumbai*

**16 August 2024** —→ *RBI modified Master Guidelines by giving clarifications*

# RBI Vision – Then (2016–2017) : Bullish

## April 2016 – RBI's Consultation Paper on P2P Lending

- 📍 Its is good for all Stake Holders, though at nascent stage
- 📍 Globally growing very fast ( 2200 times in 3 Years – 2012 -2015)
- 📍 **What was the need arose of P2P Lending in India after 70 Yrs of Independence:**
  - 📍 Digital Era shall start bringing money of '**Micro Businesses**' in banking channel
  - 📍 They don't get loan from Banks & NBFCs
  - 📍 They take Loan from Money Lenders at very high rate
  - 📍 P2P Platforms may help them to get loans at cheaper rate
  - 📍 Growth of these crores of '**Micro Businesses**' shall help in growth of the economy
  - 📍 For **Lenders** opportunity to get higher interest than traditional products

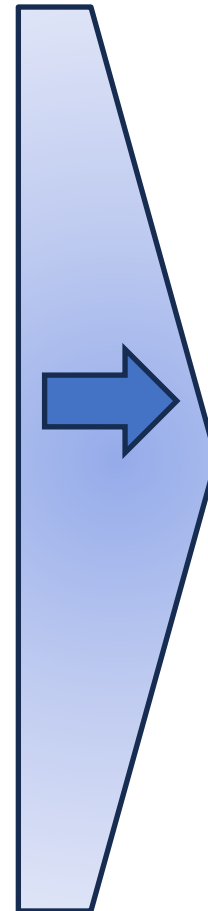
## October 2017 – New Start

- 📍 RBI Launched – P2P Lending Industry
- 📍 RBI Started issuing Licenses P2P- NBFC
- 📍 RBI Issued Master Directions to operate and innovate

# RBI Vision – Now (16 August 2024) : Bullish

**RBI's 15 months HARDWORK to safeguard Lenders & Borrowers interest (June 2023 – Aug 2024 )**

- 📍 RBI Started visiting all Platforms from June 2023 starting from Mumbai
- 📍 Found many interpretation gaps in understanding Master Guidelines of 2017
- 📍 RBI Guided platforms on few practices – Good , Improve and Stop
- 📍 Major Concerns of RBI during such visits to Platforms:
  - 📍 Money lying in Escrow account of Lenders
  - 📍 Credit Enhancement Practices (e.g. 120, 115, 108)
  - 📍 Secondary Sales ( short term products , Long term loans)
  - 📍 Though license given as platform but working as banks ( Liquid Plans)



- 📍 RBI counselled platforms
- 📍 RBI showed concerns on public platforms & Media
- 📍 RBI warned Platforms
- 📍 RBI sent emails & letters
- 📍 **Platforms actions:**
  - 📍 **Few kept on implementing (LDC)**
  - 📍 Few partially implemented
  - 📍 Few did not bother

# Actions taken by LenDenClub

June 2023 – August 16, 2024

**RBI kept on guiding us and we kept on improving or changing processes**



## **Stopped 9 partnerships businesses within 7 days :**

- 📍 Did not bother to took hit on AUM (AUM dropped from Rs 2000 Cr to 800 Cr and then started growing)
- 📍 Did not bother to lose the income from such partnerships businesses
- 📍 Did not bother "What people shall think", rather we were vocal about AUM drop



Changed Lending journey by showing importance to our esteemed Channel Partners



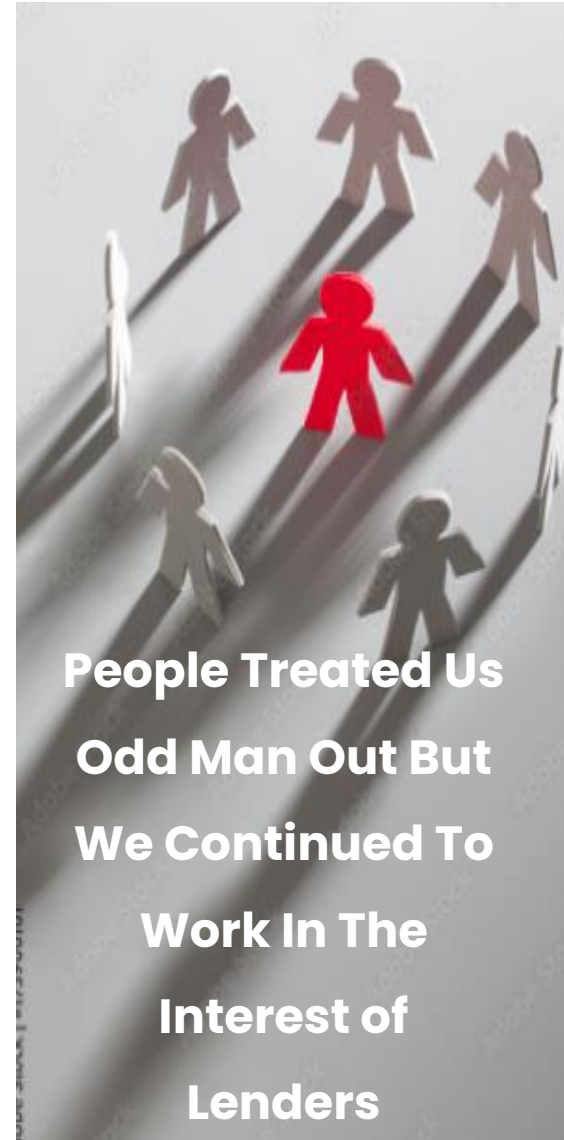
A lot improvements in Lenders/ Borrowers KYC journey



A lot disclosures & transparencies introduced at various stages for Lenders






Reduced BNPL portfolio from 80% to Zero with in a period of 6 months & took hit on earnings



**People Treated Us  
Odd Man Out But  
We Continued To  
Work In The  
Interest of  
Lenders**

# RBI Modifications – August 16, 2024

## Majorly 10 Points

 <b>Role of Platform</b> – No Credit Enhancement	—————> <b>Compliant</b>
 <b>Operational Integrity</b> – No outsourcing of key functions	—————> <b>Compliant</b>
 <b>Cross Selling</b> – Not allowed	—————> <b>Compliant</b>
 <b>Lending Cap</b> – Rs 50 Lac	—————> <b>Compliant</b>
 <b>Matching Policies</b> – Board Approved	—————> <b>Compliant</b>
 <b>Disclosures</b> – More Disclosures to Lenders about borrowers	—————> <b>Compliant</b>
 <b>Risk Acknowledgement</b> – Make aware Lenders about Risk	—————> <b>Compliant</b>
 <b>Platform Identity</b> – Display of Licensed entity at all places	—————> <b>Compliant</b>
 <b>Transparent Pricing</b> – Define & disclose fee to lenders	—————> <b>Compliant</b>
 <b>Escrow Mechanism</b> – EMIs to Lenders account & T+1	—————> <b>Handled soon as per guidelines</b>


## As on Aug 16,2024 – LenDenClub status

**Out of  
10  
compliant in 9**

**T+1 implemented  
partially though RBI  
gave 90 days timeline**



## Earlier: Framework defined by RBI for P2P Lending Platforms in Regulation



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/DNBR/2017-18/57  
Master Direction DNBR (PD) 090/03.10.124/2017-18  
October 04, 2017  
(Updated as on December 29, 2022)  
(Updated as on September 29, 2022)  
(Updated as on October 05, 2021)  
(Updated as on December 23, 2019)  
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(Updated as on November 09, 2017)

**Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017**

The Reserve Bank of India, (hereinafter referred to as "the Bank") issued a Notification No DNBR.045/CGM (CDS)-2017 dated August 24, 2017 in terms of sub-clause (iii) of clause(f) of section 45I of the Reserve Bank of India Act, 1934 (hereinafter referred to as "the Act") and on being satisfied that it is necessary to do so, in exercise of the powers conferred under section 45IA, 45JA, 45L, and 45M of the Act, and of all the powers enabling it in this behalf, hereby issues these Directions for compliance of the same by every Non-Banking Financial Company that carries on the business of a Peer to Peer Lending Platform.

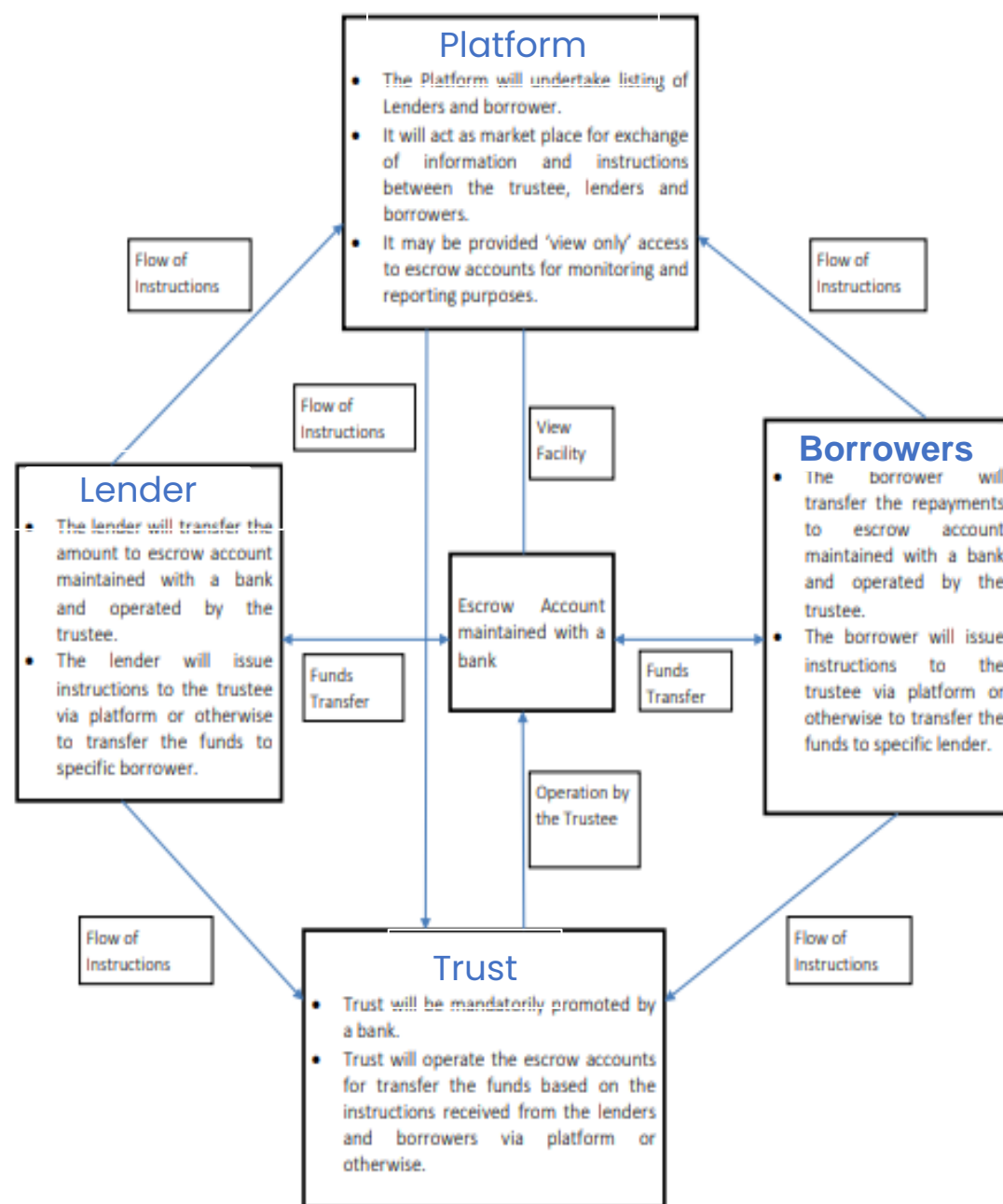
**1. Short title and commencement of the Directions:**  
(1) These Directions shall be known as the Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017.  
(2) These Directions shall come into force with immediate effect.

**2. Applicability of the Directions**  
These Directions shall apply to every Non-Banking Financial Company- Peer to Peer Lending Platform (NBFC-P2P) as defined in these Directions.

**3. Scope**  
These Directions provide a framework for the registration and operation of NBFC-P2Ps in India.

**4. Definitions**  
(1) In these Directions, unless the context otherwise requires, the terms used herein shall bear the meanings assigned to them below —  
(i) "Company" means a company as defined in clause (20) of section 2 of the Companies Act, 2013;

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# NOW : Framework defined by RBI for P2P Lending Platforms in Regulation

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RBI/DNBR/2017-18/57

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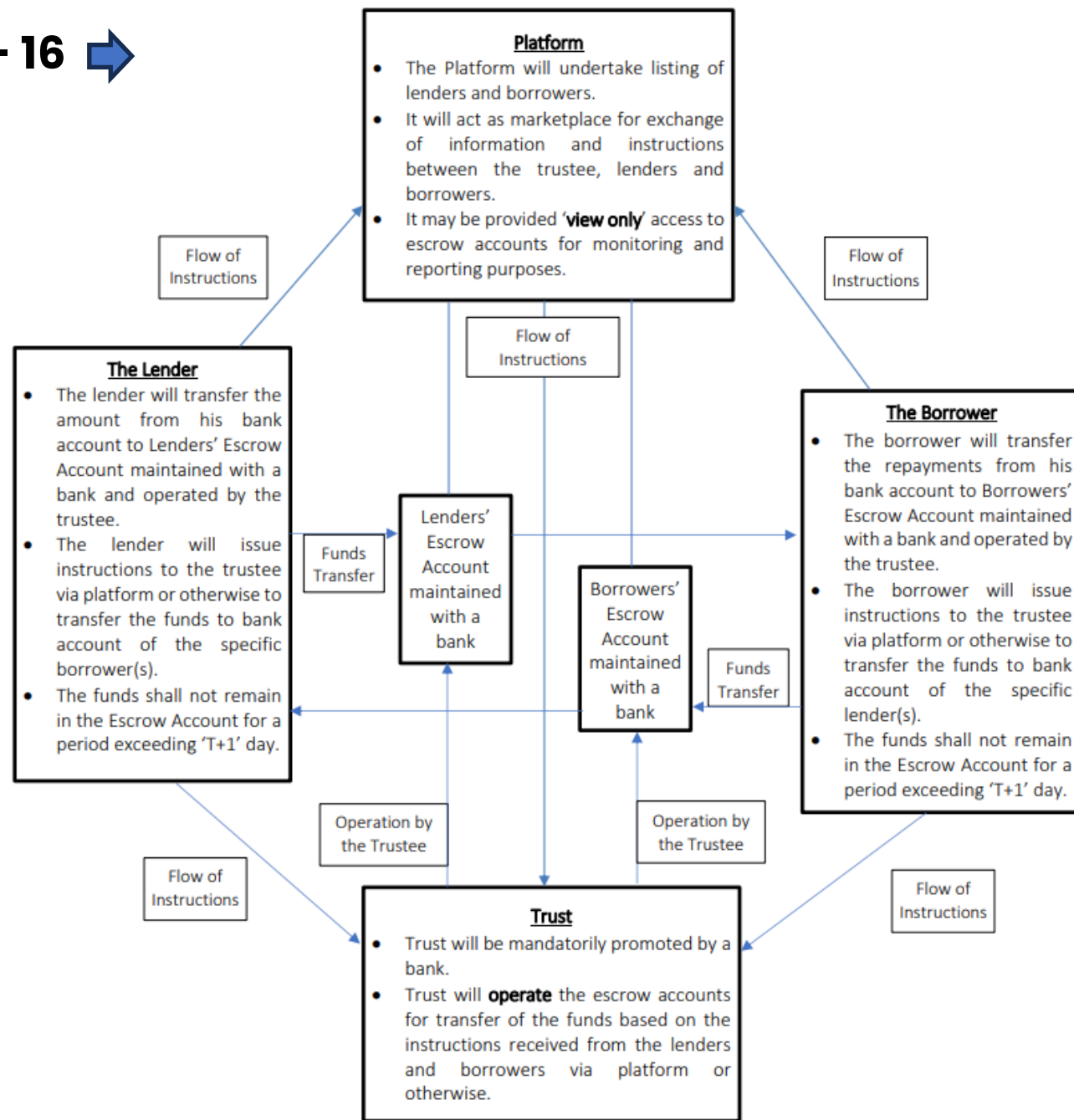
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# Ultimately what does RBI want ?

- 📍 Platform should not have control on Lenders funds rather Lenders should have complete control
- 📍 Let the Lenders have complete transparency of funds
- 📍 Platform should not eatout profits of Lenders & at the same time should not indulge in credit enhancement
- 📍 Platforms should not work as pseudo banks, let them work as exchange that was the original thought of RBI
- 📍 Platforms should not indulge in 'Secondary Sales' as this is not good for Lenders

**Ultimately RBI wants to protect the interest of Lenders as well as Borrowers**



# Auto Lending

- 📍 With auto lending, a Lender can automate the Lending process.
- 📍 Lender has to set up the criteria, based on own preferences and sign an auto debit mandate.
- 📍 EMIs received from borrowers are directly deposited into Lenders bank account & by using the auto-debit, the same amount is digitally debited from same account to re-lend in new loans as per set criterion

**Tenure – 12 & 18 Months**

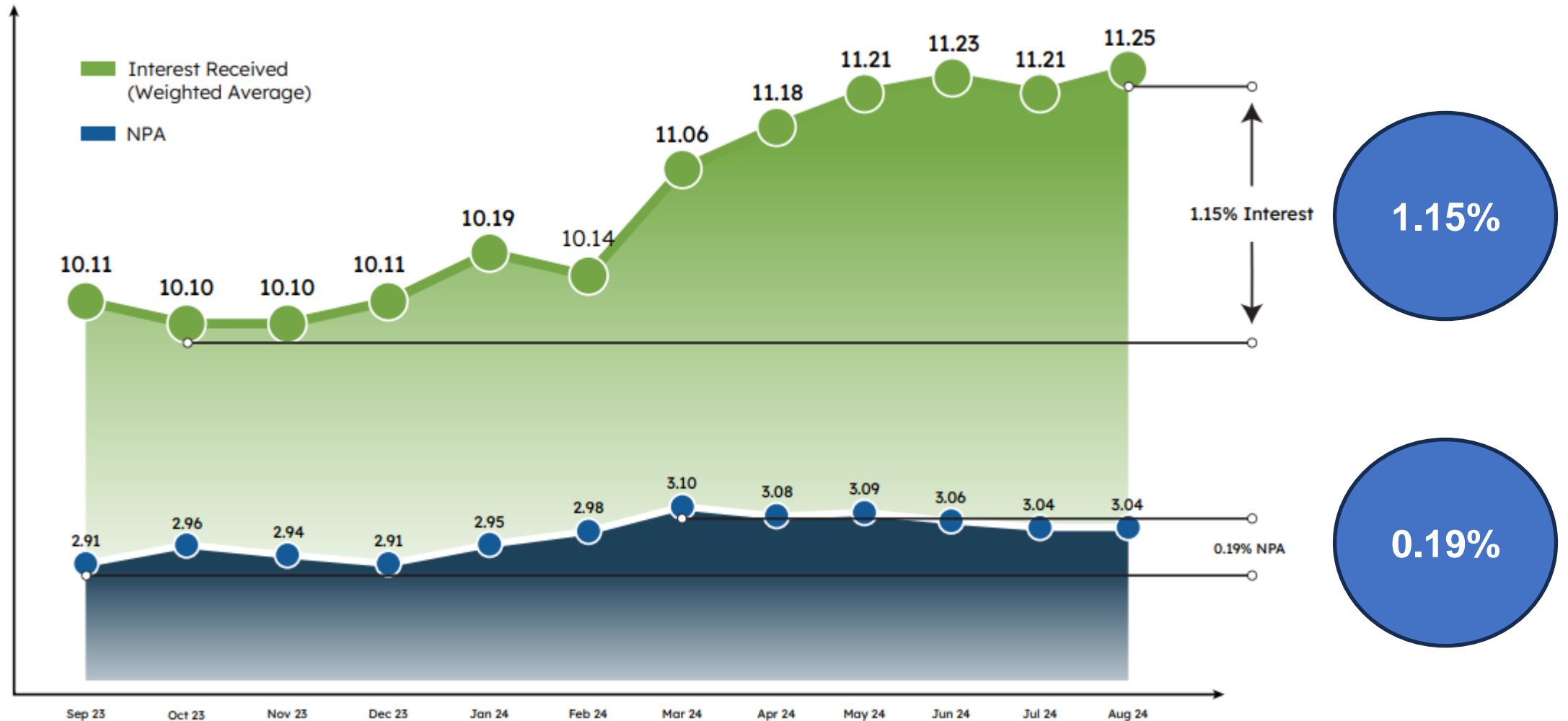
**Past Performance – 11.23 %\* XIRR**

\* Last 6 months average returns on 12 month lending tenure





# Past Interest Rate Earned by Lenders

## HISTORICAL INTEREST RECEIVED VS NPA



# Old & New Process Flow at CP Dashboard

**The Process flow and all screens at old & new CP dashboard are same except following:**

-  Some Text changes on some screens as per RBI guidelines
-  On Last screen pressing a button which sends a link to Lender for e-NACH creation

Same  
Same

Same  
Same

Same  
Same

# Myths about daily transactions



**Before having this thought Pls check your bank statement :**

 On an average 250 to 300 transactions happen in normal bank account. Before launch we checked around 2 lac diversified strata accounts

 Because of UPI, transactions in Bank account has become normal. In India 450 Crs transactions happen per month through UPI



**Any urban consumer caried 2 to 3 bank accounts:** If you wish you can use any dormant account for this purpose



**Your Hard earned money:** 30 to 40 transactions in a month give you control on your hard earned money and flexibility



**You shall get proper statement:** With Credit and Debit transactions which shall exactly match with your bank statement



**Not a Black box now :** You can track daily, how your funds are growing

**If RBI is working in the Lenders interest,  
lets respect RBI's thought process**

# Reach-out for any business enquiry



[cp@lendenclub.com](mailto:cp@lendenclub.com)



[www.lendenclub.com](http://www.lendenclub.com)



## Corporate Office

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India – 400064

# Mutual Funds & P2P Lending Industries

## MF Industry

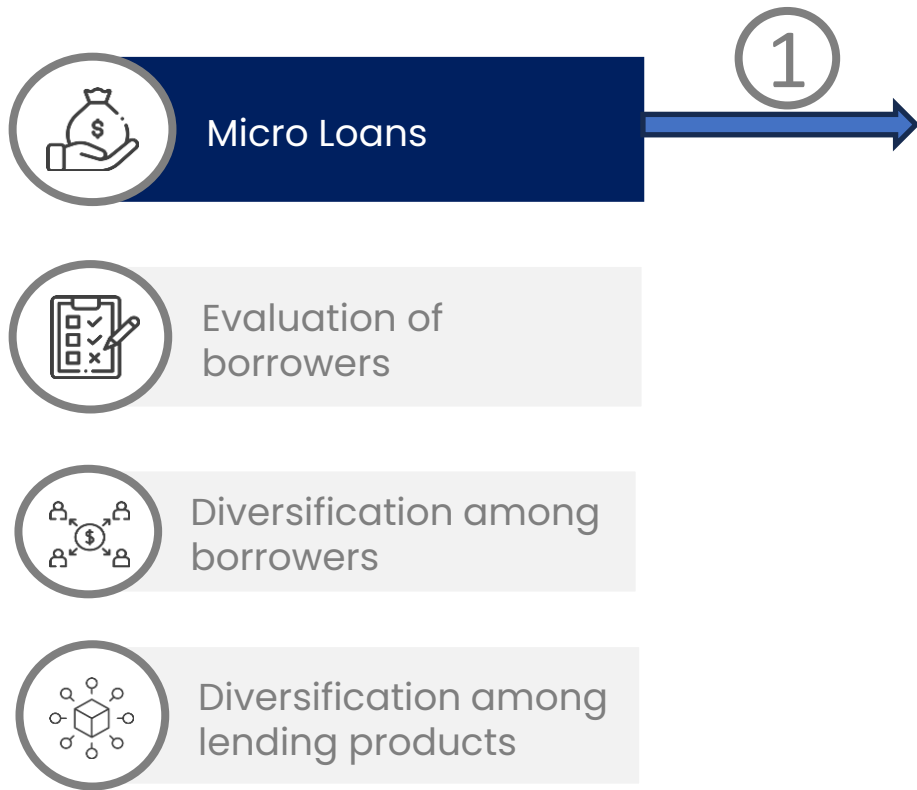
- 📍 Regulator – SEBI
- 📍 Asset Management Company (AMC)
- 📍 Can not touch **INVESTORS** money
- 📍 Income of AMC – Only FEE
- 📍 Objective – Generate Returns for Investors
- 📍 Money gets invested in – Companies
- 📍 Before investment – Financials get checked
- 📍 Now Sectors get identified
- 📍 Rule of Diversification & investments done
- 📍 No Guarantee of Returns
- 📍 Market Risk – YES

## P2P Industry

- 📍 Regulator – RBI
- 📍 NBFC – P2P (Platform)
- 📍 Can not touch **LENDERS** & Borrowers money
- 📍 Income of Platform – Only FEE
- 📍 Objective – Generate Returns for Lenders
- 📍 Money goes to – Borrowers
- 📍 Money goes – After checking 600 parameters
- 📍 Various Products
- 📍 Rule of Hyper Diversification & investments done
- 📍 No Guarantee of Returns
- 📍 Market Risk – NO



# 4 Measures to mitigate the Risk on Borrower side

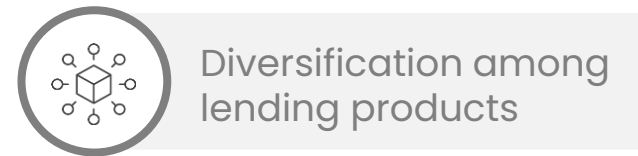
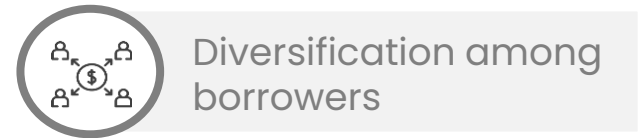
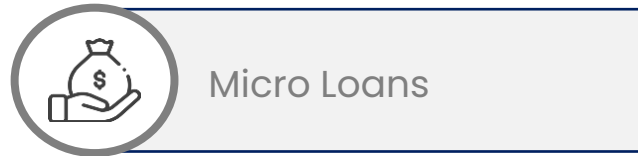


## Funds diverse in RETAIL Loan Products

Borrowing Products	
Merchant Loans	~ 9 Months
	~ ₹ 79 K
*Data as of Nov 2023	
PL	~ 3 Months
	~ ₹ 11 K

**Small Loan of Short Tenure is less Risky**

# 4 Measures to mitigate the Risk on Borrower side



2

## Stringent in-house credit assessment

**Borrower's are evaluated on 600+ data points**

**95% Borrowers get rejected**

Monthly ~ 7 Lac applications . Only 5% get approved

## A loan applicant have to pass through 3 levels

### Level -1

#### Applicants system access

- SMS Parsing
- Email Parsing
- Geo Location
- Demographic Details
- Proprietary Checks on Meta Data
- No. of contacts
- Social Media Pages
- KYC

### Level - 2

#### Credit bureau

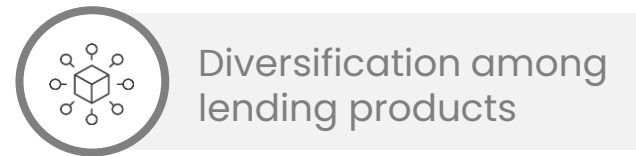
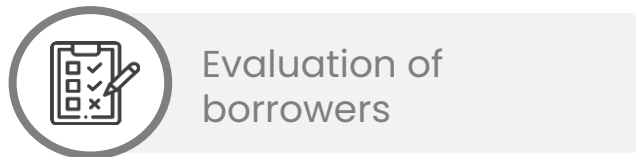
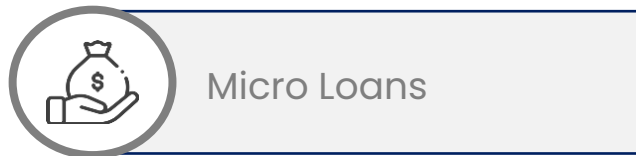
- Don't rely only on Credit Score
- Check Credit buerau statement
- Repayment Monitoring
- Credit Habits
- FOIR
- Selfie check with AI/ML

### Level - 3

#### Digital bank statement

- Bank Statement Parsing
- Income Assessment
- Bank Verification
- Fraud Check

# 4 Measures to mitigate the Risk on Borrower side

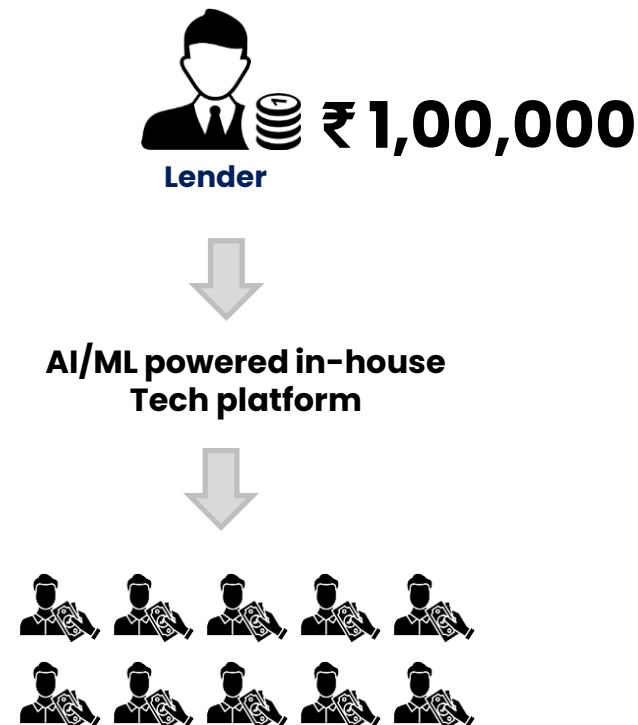


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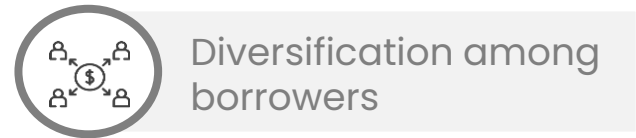
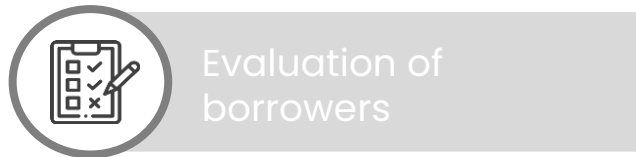
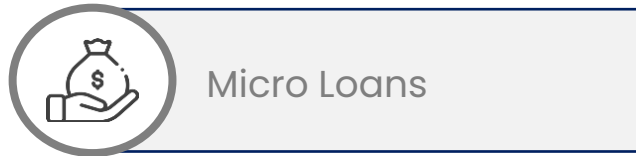


## Limited Risk due to Hyper Diversification

₹ 1 lakh – Hyper Diversified among thousands of Borrowers



## 4 Measures to mitigate the Risk on Borrower side



4

### Funds goes in various products

#### Credit Product Lines

**Mid Tenure**  
(3-6 months)

**Personal Loans**

B2C

**Long Tenure**  
(Above 6 months)

**Merchant Loans**

B2B

# How to select a P2P Lending Platform

 <b>Regulated or Not Regulated ?</b>	→ Regulated by RBI NBFC-P2P , Innofin Solutions Pvt Ltd
 <b>Promoters Background ?</b>	→ Bhavin Patel ( Eng. & MBA ) , Consulted NBFC for 8 Yrs Dipesh Karki, Techie, NIT Engineer, CTO of the Year Award winner
 <b>Management Team or Promoter Driven?</b>	→ More than 15 Professionals hired with average experience of 20 yrs , each is expert in his/her own field. Employees - 250
 <b>Profitable or not ?</b>	→ Profitable for more than 3 Yrs. Sitting with around 90 Cr equity. Quite cost conscious organization and well funded
 <b>Years of Existence ?</b>	→ Since 2015 – Seen Pre Regulation & Pre Covid Era, During Covid and Post Regulation & Post Covid Era.
 <b>Platform handled volumes or not ?</b>	→ 1 Cr registered users/ 22 Lac Investors / 80 Lac Borrowers / 14,000 Cr Disbursements / Current AUM – Rs 900 Cr / more than 4 K CPs
 <b>Product Performance</b>	→ FMPP Product – No one Lost principal, Given more than 10% returns, 95% money given to less than Rs 100 to borrowers
 <b>DOES TAKE Care INVESTOR's INTERESTs ?</b>	→ Most Important – We don't do Secondary Sales which avoids dealing with ALM. That's why we did not launch Liquid & short Term Plans

# Disclaimer

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The Reserve Bank of India does not accept any responsibility for the correctness of any of the statements or representations made or opinions expressed by Innofin Solutions Private Limited, and does not provide any assurance for repayment of the loans lent through its platform.

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