

DIGITAL LENDING 1 – CLASS ACTIVITY

Please form 6 teams.

Each team becomes a digital lending startup and must select one borrower segment:

1. IIT student (new-to-credit)
2. Gig worker (Swiggy/Zomato/Zypp delivery agent)
3. Kirana shop merchant
4. Urban salaried professional
5. Rural borrower
6. Small e-commerce seller (Meesho/Amazon)

TASK 1 - Create a short profile answering:

- What data advantage does your platform have over banks?
- Why is your borrower segment underserved today?
- What is your startup's 1-line value proposition?

TASK 2 — Set the Lending Interest Rate

- Use the formula - Interest Rate = Cost of Funds + Operating Cost + Credit Risk Premium + Margin

TASK 3 – Underwriting the Borrower

Using the **5 Cs of Credit**, decide:

- Approve / Reject / Manual Review
- What loan limit to offer
- What documentation (if any) to collect

TASK 4 - Build an Alternative Data Model

Select **4 alternative data signals** for underwriting.

Examples:

- UPI inflows
- Weekly earnings
- Device stability
- SMS patterns
- Location history

Explain **why** each of your 4 signals helps predict repayment.

TASK 5 - Design an FLDG Structure

Propose an FLDG for your NBFC partner:

- FLDG percentage (0–5%)
- Collateral type (cash/FD/BG)
- Justification for your level of “skin in the game”

TASK 6 — Create a BNPL Product

Design an RBI-compliant BNPL solution:

- Credit limit
- Repayment cycle
- MDR and fees
- Customer journey
- Compliance check (no credit-line wallet top-ups)