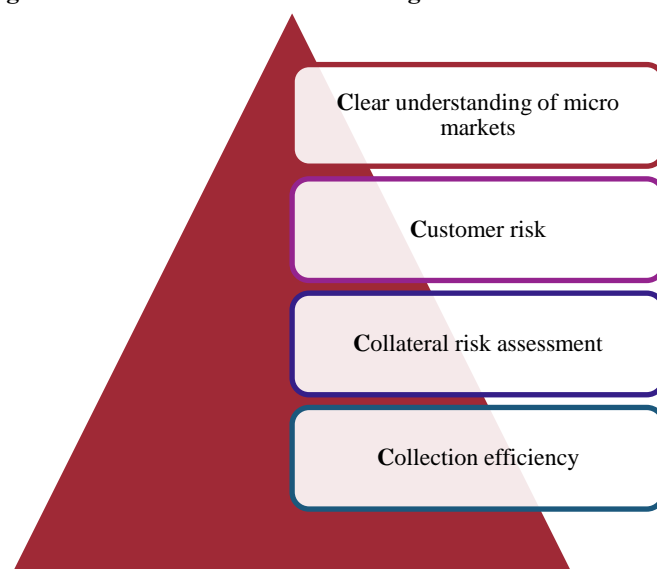


7.3 4C's to succeed in Housing Finance focused on low income segment



Source: CRISIL MI&A

7.4 HFCs have the highest share in housing finance disbursement focused on low income housing segment

HFCs have 38% market share in terms of housing finance disbursement and 29% market share in term of outstanding focused on low income housing segment in the nine months ended December 31, 2023. They have been able to cultivate a strong market position in this segment due to the following:

- Strong origination skills and focused approach
- Creation of niches in catering to particular categories of customers
- Strong understanding of customer segment, excellent customer service and diverse channels of business sourcing
- Non salaried customer profile – around 50-55% of customers
- Focus and presence in smaller cities as well

These factors are expected to help them maintain market share in the future as banks have become risk averse and are focusing on high ticket customers with good credit profiles. By virtue of being largely focused on metros and urban areas, ticket sizes of banks and large HFCs have followed rising property prices. A focus on the urban salaried segment by banks and large HFCs has left non-salaried as well as Tier 3, and rural market open to anyone with the capability to operate in that segment.

Market share of player groups under low income housing segment based on disbursement

Period	Disbursement by player groups (₹ billion)						Market share of player groups based on disbursement				
	HFCs	NBFCs	Others	PSBs	Private banks	Total	HFCs	NBFCs	Others	PSBs	Private banks
Q1 FY19	72	6	16	72	39	205	35%	3%	8%	35%	19%
Q2 FY19	74	7	17	74	42	214	34%	3%	8%	35%	20%
Q3 FY19	49	5	17	75	39	185	26%	3%	9%	40%	21%
Q4 FY19	73	7	21	87	48	235	31%	3%	9%	37%	20%
Q1 FY20	51	6	16	60	64	197	26%	3%	8%	31%	32%
Q2 FY20	50	6	17	67	48	187	26%	3%	9%	36%	25%
Q3 FY20	50	6	18	75	44	193	26%	3%	9%	39%	23%
Q4 FY20	44	5	19	78	43	189	23%	3%	10%	41%	23%
Q1 FY21	11	1	6	28	11	57	19%	2%	10%	48%	20%
Q2 FY21	42	5	15	58	42	161	26%	3%	9%	36%	26%
Q3 FY21	57	5	19	70	54	206	28%	3%	9%	34%	26%
Q4 FY21	71	7	27	82	64	250	28%	3%	11%	33%	26%
Q1 FY22	26	3	12	41	33	115	22%	2%	11%	35%	29%
Q2 FY22	67	7	21	65	54	215	31%	3%	10%	30%	25%
Q3 FY22	69	7	23	76	57	232	30%	3%	10%	33%	25%
Q4 FY22	88	8	29	88	62	275	32%	3%	11%	32%	22%
Q1 FY23	74	9	22	63	50	218	34%	4%	10%	29%	23%
Q2 FY23	83	10	24	75	51	243	34%	4%	10%	31%	21%
Q3 FY23	86	12	27	73	45	244	35%	5%	11%	30%	19%
Q4 FY23	98	15	28	79	48	268	37%	6%	10%	29%	18%
Q1 FY24	79	14	22	56	43	213	37%	7%	10%	26%	20%
Q2 FY24	92	16	24	71	47	249	37%	6%	10%	28%	19%