



FinTech Landscape in India

- KAMALESH

India's Fintech Landscape









India's diverse fintech landscape						
Payments	Platforms / Payments	Paytm Phonepe	Google Pay Amazon Pay	Bharatpe CRED	Mobikwik Freecharge	Jio Money
	POS players	Pine labs	Mswipe	Innoviti	AG Transact	
	Payment gateways	Razorpay	Billdesk	PayU	CC Avenue	Instamojo
Lending / Credit	POS / BNPL / Consumer	Simpl Zest Lazypay	Kissht Capital Float Amazon	Flipkart Rupeek Flexipay	ePayLater Flexmoney Olamoney	Indiagold Postpe EarlySalary
	SME	Paytm InCred KredX	Mobikwik Zip LendingKart Vistaar Finance	Krazybee Niyogin Credable	LoanTap NeoGrowth Capital Float	
	P2P (peer-to-peer)	Faircent	5paisa.com	Finzy	Lendbox	Lendenclub
Neobanks	Consumer focused	Jupiter Niyo	Instantpay Fampay	Walrus Freo	Fi Slice	
	SME focused	Open	RazorpayX	Niyo	Instantpay	
Insuretech	Digital insurers	Acko	Digit	Toffee		
	Aggregators / others	Policy Bazaar	Turtlemint	Coverfox	RenewBuy	PolicyBoss
Wealthtech	Broking	Zerodha	Groww	Upstox	Smallcase	
	Wealth management	Kuvera	ETMoney	Fisdrom	Indwealth	Stockal

India Stack – Fin Tech Stack

The India Stack is a set of APIs

Aim to provide solutions to four key challenges of the Indian fintech ecosystem

- Customer identity and tedious paperwork
- Dominance of physical cash
- Data protection
- Low credit penetration.

India Stack	What is it?	What is in it?	When was it launched?	Achievement
	Credit Layer - OCEN	Democratizing credit 	2020	Launched new open interface for digitising all aspects of lending value chain
	Consent Layer - Account Aggregators	Data empowerment and protection architecture 	2016/2020	RBI regulates the account aggregator NBFCs which will work as data sharing
	Cash less Layer - Unified Payments Interface (UPI)	Electronic payment system which democratize payments   	2016/2010	<div>UPI Volumes (bn)</div> <div>FY18: 1.0 → FY21: 22.3</div> <div>UPI Transaction Value (Rstn)</div> <div>FY18: 1.2 → FY21: 41.0</div>
	Presence less & Paper less Layer - AADHAR	Unique universal digital biometric identity with open access & digital record keeping /documentation   	2009	<div>No. of Aadhaar Card (bn)</div> <div>FY14: 0.6 → FY21: 1.3</div> <div>No. of smartphone users (m)</div> <div>FY14: 85 → FY21: 435</div> <div>Population (15yrs+) with bank accounts (%)</div> <div>FY14: 49 → FY21: 91</div>

Fintech growth opportunities

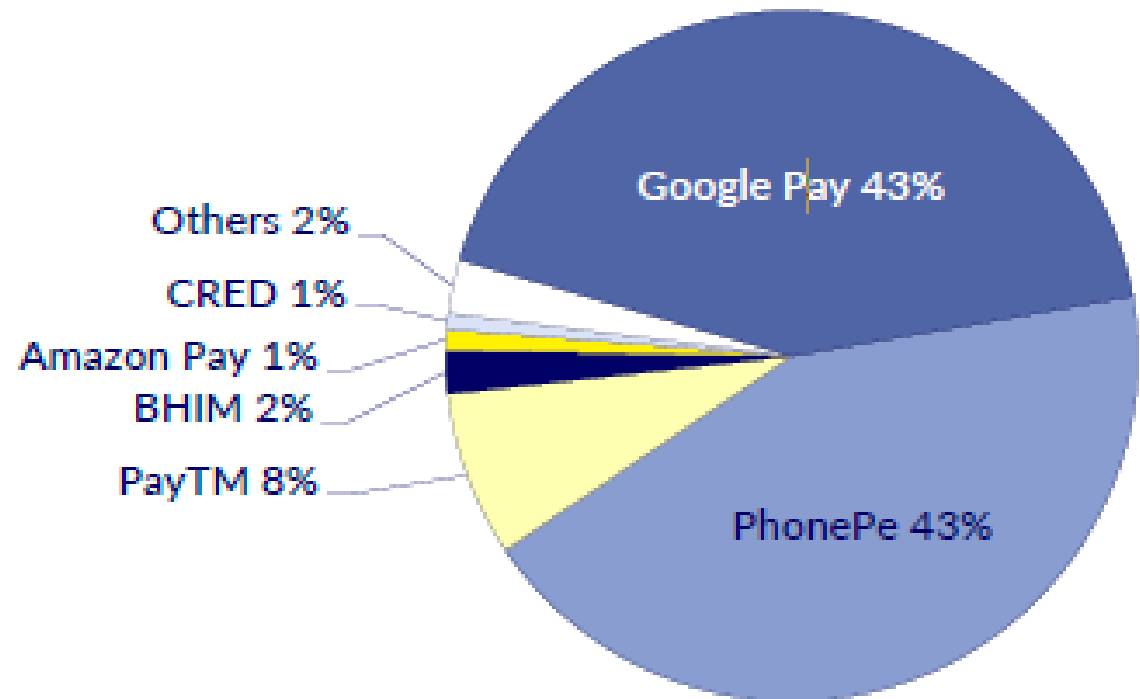
- UPI -> 60% of total payments by volume, digital payments risen from \$61B in FY16 to \$300B in FY21.
- As of FY21 BNPL, EMI and purchase lending are at \$15-\$20B representing 5-6% of digital payments, expected to jump by 5x to US\$90-100B by FY26.
- Payments firms are undergoing vertical integration into lending and distribution and super apps to monetise their customer base.

Minutes across the Landscape

- Payments and Platforms – Digital Payments up by 5x in last 5 years, expect 3x growth in next 5 years.
- Digital Lending/BNPL – expected to grow 5-8x by FY26
- Insuretech – Aim to simplify buying and claim process.
- Neobanks – Indian Neobanks operate in partnership with traditional banks
- Wealthtech – discount brokers have captured significant market share

UPI Apps Market Share

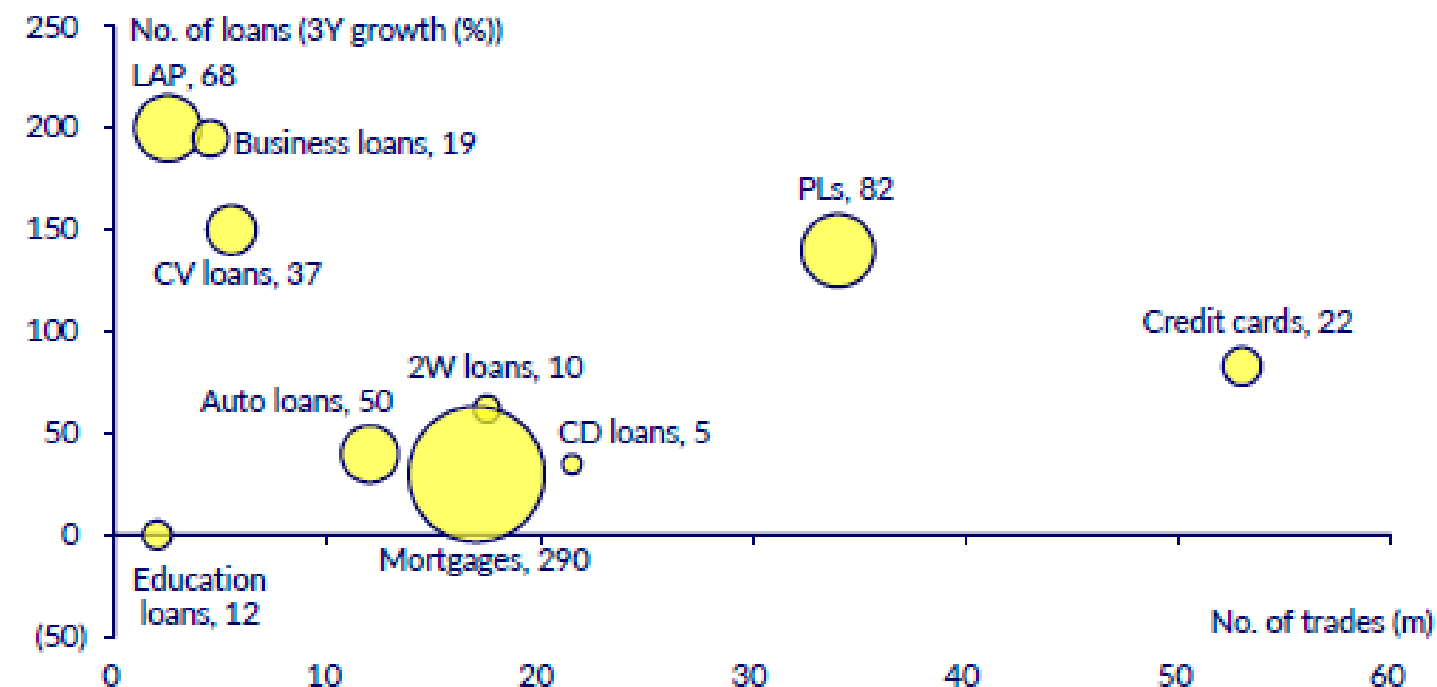
- Google Pay and PhonePe dominate the UPI App Market Share after the advent of digital revolution post covid.



Retail Lending Market

Figure 54

Retail lending market - High growth in non-collateralised segments



Note: figures in title indicate size of market in US\$bn. Source: TU CIBIL, Google, CLSA

Figure 55

Percentage of new loan applications by select customer type

(%)	Retail loans	Auto loans	Home loans	Personal loans	Consumer durable loans
Under age 30	49	32	21	65	48
Outside tier-1 cities	71	74	60	68	63
Female borrowers	24	15	31	22	25

Note: All Retail Enquiries: New to credit only. Source: TU CIBIL, Google, CLSA

Rise in small ticket loans

Figure 56

Small-ticket and fintech lending has grown multifold

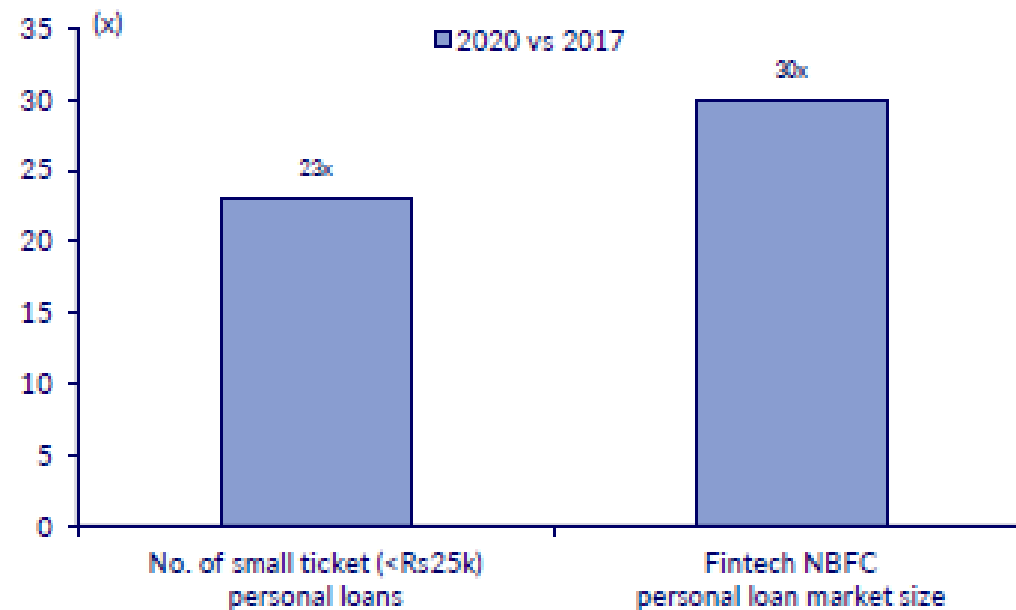
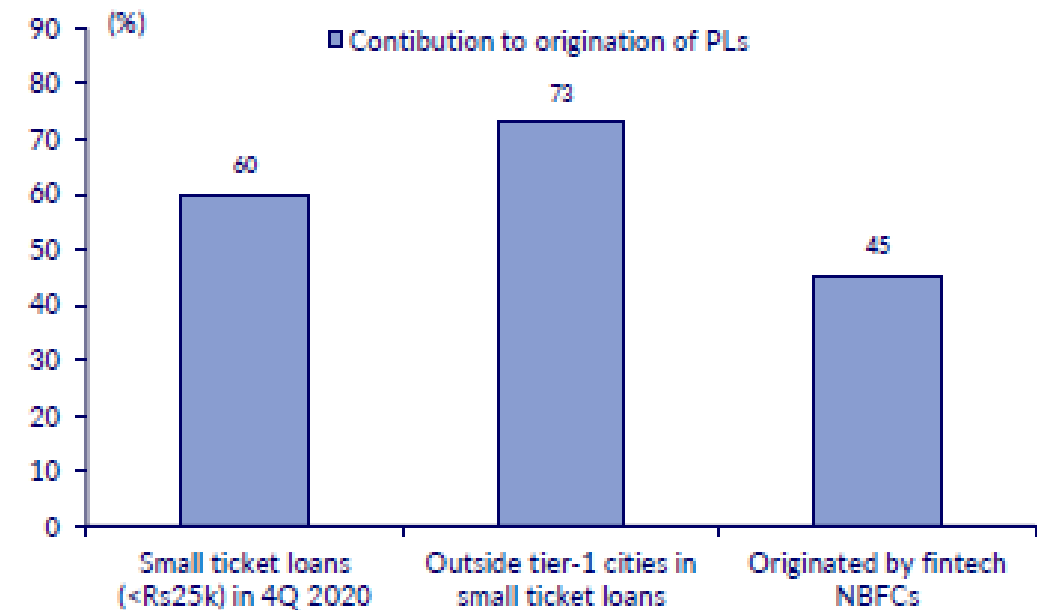


Figure 57

Contribution of small-ticket loans rose, particularly outside tier-1



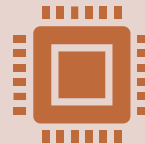
Consumer and digital lending – minutes



Significant rise in small-ticket personal/consumption loan segment, CIBIL highlighting a 23-30x increase in small-ticket personal lending from CY17 to CY20



Small-ticket PLs contribute c.60% of overall PL volumes



Fintechs contribute c.45% of system PL by number and **more than 70% are originated outside the tier-1 cities**

How's the competition you ask?

Figure 110

Key details of key fintechs in this space (FY21)

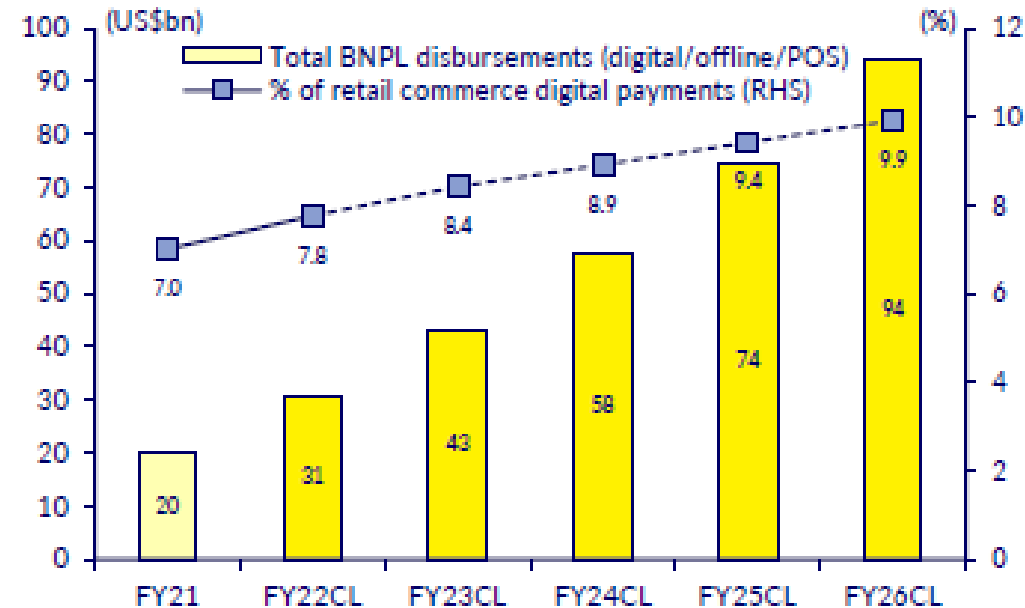
	Lendingkart	Capital Float	Incred Financial
	LENDINGKART	CAPITAL FLOAT	InCred! Borrow. With Confidence.
Incorporation	2014	2013	1991 (acquired by Incred in 2016)
Business	Unsecured SME loans	Unsecured MSME lending, personal loans, BNPL	Personal loans, school financing, student loans, others
Key investors	Fullerton Financial Holdings (39%), Saama Capital, Mayfield India, India Quotient, Bertelsmann India Investments, Sistema Asia Fund and Darren Capital Management	Ribbit Capital, Elevation Capital, ASPADA, Sequoia, SAIF Partners, Amazon, Creation Investments	Bee Finance (Promoter's company), Investcorp (IDFC Private Equity), Paragon Partners, FMO, OAKS Asset Management, Moore Strategic Ventures and Elevar Equity
Average ticket size	c.Rs0.6m		50% of portfolio has ticket size > Rs2m
Tenure	32 months		
Rating	BBB+	BBB-	A
Key financials			
Total assets (Rsbn)	26.4	9.4	27.9
Networth (Rsbn)	8.5	5.2	10.5
CRAR (%)	39	36	37
NIM (%)	11.8	3.8	na
GNPL ratio (%)	2.5	3.9	3.4
NNPL ratio (%)	0.9	1.6	1.7
Credit costs (%)	7.3	7.0	3.7
Restructuring (%)	20	na	4
RoA (%)	(1.1)	(10.0)	0.4
RoE (%)	(3.5)	(26.4)	1.0

Source: CLSA, CRISIL, ICRA

Consumer financing and BNPL opportunity

Figure 61

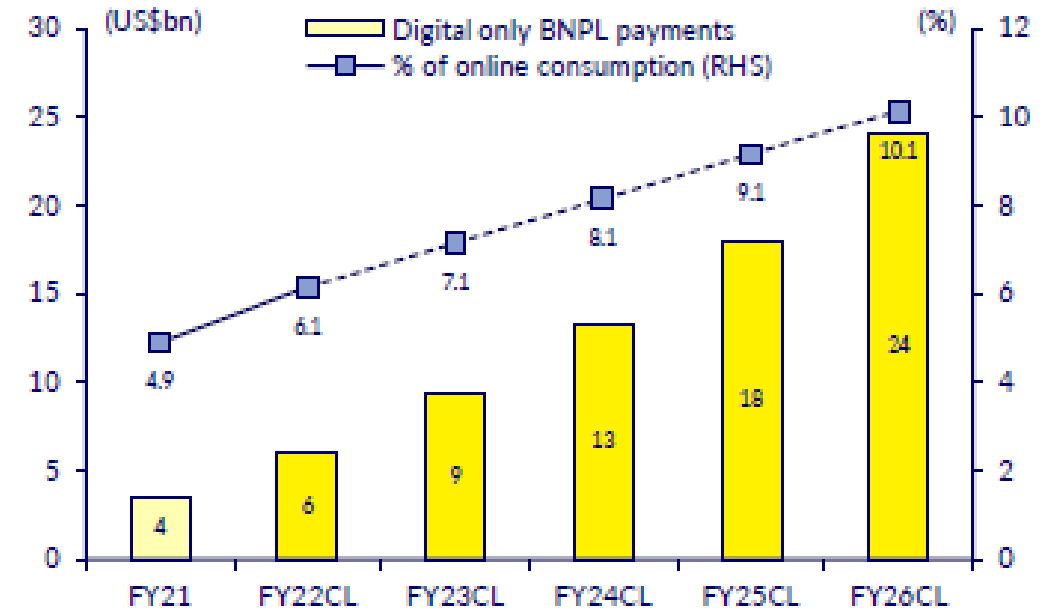
Total consumer financing market a US\$90bn opportunity



Source: Paytm, CLSA

Figure 62

Digital BNPL market a US\$25bn opportunity



Source: RedSeer, Mobikwik, CLSA

Crystal Ball – Looking into the next 5 years

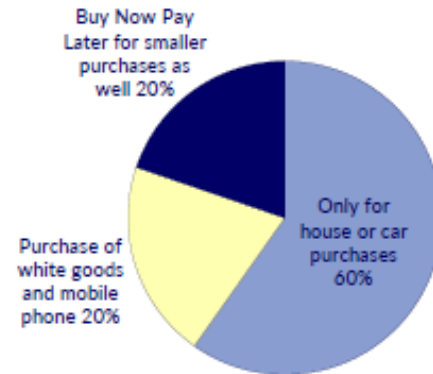
- Digital merchant payments to expected to increase from US\$300bn in FY21 to US\$950bn in FY26
- Online consumer purchases to jump from US\$75bn in FY21 to US\$240bn in FY26
- Increase of consumer digital financing from 7-8% to 10-11% over FY21-26 will lead to a US\$90bn overall BNPL/consumer financing market by FY26CL
- Pure digital BNPL opportunity to increase from US\$3bn to US\$25bn by FY26

What do the Consumers Say?

Whatever it is, they are always right!

Figure 65

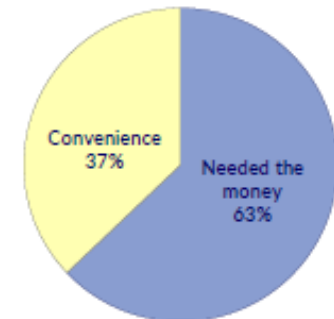
What purchases do you generally finance via credit?



Source: SurveyMonkey, CLSA

Figure 66

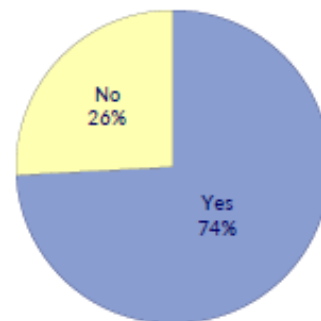
Why did you apply for a loan from a fintech?



Source: SurveyMonkey, CLSA

Figure 67

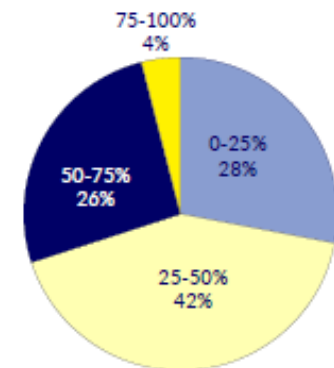
Are fintechs more transparent than banks?



Source: SurveyMonkey, CLSA

Figure 68

Contribution % of online shopping in overall consumption basket?

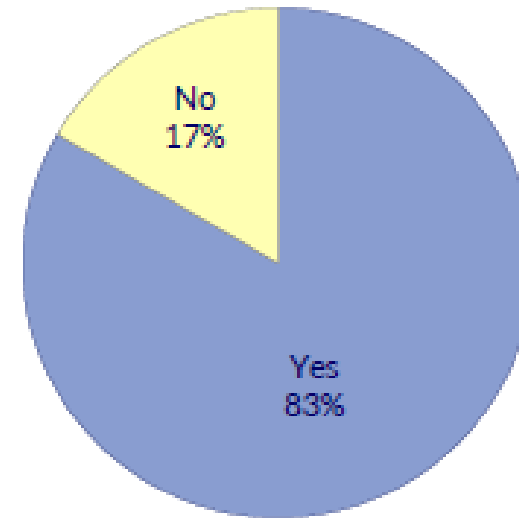


Source: SurveyMonkey, CLSA

Insurance Consumer Insight

Covid was a rather dire reminder
of everyone's mortality yeah?

Post Covid, are you more willing to buy health and life insurance?



A small game

How many of the logos can you identify?

How many of those that you can identify, have you seen advertisements for?

Of those you can identify, can you pick one of those logos and explain in a sentence or two, as to what they offer?

Evolving India fintech landscape



Diversification and vertical Integration - opportunities

Figure 87

Large payments companies and platforms - Widening their scope of product offering										
	Paytm	Phone Pe	Mobikwik	Google Pay	Bharat Pe	Pine Labs	Mswipe	RazorPay	PayU	CRED
Payments										
P2P Payments	Y	Y	Y	Y						
Wallet	Y	Y	Y							
Payment gateway - online	Y	Y	Y	Y		Y		Y	Y	Y
Merchant offline- POS	Y				Y	Y	Y			
Merchant offline- QR	Y	Y	Y	Y	Y	Y	Y			
Recharge and Bill	Y	Y	Y	Y						
Utility/rent payments	Y	Y	Y	Y						Y
Merchant service provider	Y			Y	Y	Y	Y	Y	Y	
Lending:										
BNPL/ POS/ consumer PL	Y		Y		Y	Y	Y		Y	Y
SME/ Merchant	Y				Y	Y	Y	Y	Y	
P2P					Y					Y
Bank licence (Payment/SFB)	Y				Y					
Para banking services:										
Broking	Y									
Insurance	Y	Y	Y							
Mutual fund	Y	Y	Y							
Gold	Y	Y	Y	Y						
Non Financials services:										
SuperApp	Y	Y		Y						
Advertising	Y	Y		Y						Y
Shopping	Y	Y	Y	Y						Y
Travel	Y	Y	Y	Y						Y
Gaming	Y			Y						Y

Source: Companies, CLSA