

BUY NOW PAY LATER

By

K Rohit Gopal Rao

THE AGENDA

- Buy now pay later set to surge over ten-fold in India
- Top apps that help you take an instant personal loan
- 5 apps to consider for micro loans this festive season
- 3 reasons BNPL is a hit among young shoppers this festive season
- With 10x growth for BNPL products during sales, fintech gear up for a bumper festive season
- Buy-Now, Pay-Later Loans Help Fuel India's Festive Recovery
- Sept records 35% rise in BNPL loan applications
- 5 Tech-Based Platforms Driving Credit Literacy
- How to safeguard yourself from financial frauds, online and offline

BUY NOW PAY LATER SET TO SURGE OVER TEN FOLD IN INDIA

- The demand for easy loans driven many people to enter the BNPL market
- Takes some time to dominate credit cards as maximum credit offered is lower than credit card offers
- BNPL has become booming as people cannot afford to buy too expensive items
- Bipin Preet Singh, co-founder of MobiKwik said that only 60-70 million Indians have access to credit today
- Many young customers during the pandemic were looking for credit and to extend their budgets

BUY NOW PAY LATER SET TO SURGE OVER TEN FOLD IN INDIA cond..

- With cards it is two step process of giving a security code and finally one time password
- Most payments apps which have BNPL services need customers to provide government verified information and bank details before they can avail the service
- Indians are making a big use of BNPL during this pandemic time (during April and may)

TOP APPS THAT HELP YOU TAKE AN INSTANT PERSONAL LOAN

- There are Apps like CASHe, Pay Sense, Early Salary help you to get personal loan just with few clicks
- These apps are for individuals who are running short of time
- These apps help a lot for medical support
- If we approach banks, there would be a delay in time to draw money
- A lot of paperwork takes place when we approach banks to get loan
- But with the help of loan giving apps, every thing takes place in few minutes

TOP APPS THAT HELP YOU TAKE AN INSTANT PERSONAL LOAN

- **Early Salary**

- Early salary is mobile app that provides small loans to people who are running short of salaries
- This loan helps the borrowers till they get next salary
- The loan ranges from Rs.5000 to Rs.2 lakh
- Tenure is up to 12 months
- Interest rate starts from 2% per month

TOP APPS THAT HELP YOU TAKE AN INSTANT PERSONAL LOAN cond..

- **PaySense**
 - PaySense app offers instant personal loan from Rs.2 lakh without any collateral
 - The app gives loans upto Rs.5 lakhs starting from Rs.5,000
 - One can check loan eligibility and credit line in the app that decides maximum loan one can borrow
- **CASHe**
 - In order to get loan disbursed at CASHe, one has to be a salaried professional
 - The app provides loan from Rs.1,000 to Rs. 4 lakhs based on the borrower's monthly salary
 - In order for the loan to get sanctioned at CASHe, valid documents should get uploaded and gets verified thoroughly

TOP APPS THAT HELP YOU TAKE AN INSTANT PERSONAL LOAN cond..

- **Phocket**

- Phocket app provides instant personal loans from Rs.5000 to Rs.1,00,000
- It has flexible repayment EMI options
- One can access the app through web, android and iOS

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON

- These days, people can get small loans sanctioned with the help of mobile apps
- To get the loans sanctioned, documents need to be submitted online so that thorough verification takes place
- Once the documents are thoroughly verified, loan get sanctioned easily
- These days, small sized loans are getting popular as the loan amount is less than Rs.5000 for salaried and unemployed individuals

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON cond..

- **Smart Coin**

- Its an app based consumer lending startup from Bangalore
- Offers small ticket personal loans to undeserved in India
- It offers loans from Rs.1000 to Rs.1,00,000 all over India
- In order to apply for loan, one need to fill some details, upload few documents and it is done
- With the help of this app, one can apply loan for travel, shopping and personal requirements for small amounts and even for micro credit to small entrepreneurs
- The company aims to address the credit requirements for many self employed micro entrepreneurs, micro merchants and salaried individuals
- It offers small ticket personal loans to micro merchants, self employed and salaried professionals
- Smart coin has disbursed 3 lakhs loans to more than 1 lakh users worth Rs.500 crores

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON cond..

- One can avail loan ranging from Rs.1,000 to Rs. 1 lakh
- Regarding repayment, one can clear their dues from 62 to 270 days
- Smart coin is 100% digital organization
- It has sanctioned loan network across India.
- It served 18,000 pin codes
- **KreditBee**
- This is an instant loan giving app for salaried and self employed individuals
- Even though you don't have a credit card, you can take loan here

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON cond..

- A personal loan can be availed up to Rs.2 lakh
- The interest rate is applicable at 0 - 2.49% per month loans range from Rs.1000 to Rs.2 lakhs
- Tenure is from 62 days to 15 months
- KreditBee charges one time service fee while onboarding
- A small processing fee is charged for loans
- Google rating is 4 stars
- **MoneyTap**
 - This app gives loans for salaried individuals only whose salary is Rs.30,000 minimum
 - This app offers loans up to Rs.5 lakhs
 - Loan can be given with 100% paperless process
 - Tenure is from 3 to 36 months
 - Google rating is 4 stars

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON cond..

- **CASHe**

- Founded by V Raman Kumar in 2016
- Gives unsecured personal loans to salaried individuals
- Minimum salary is Rs.12,000
- It is an NBFC
- Tenure is from 3 months to 18 months
- Google rating is 4 stars

- **PaySense**

- It was founded in 2015
- It is based on Mumbai

5 APPS TO CONSIDER FOR MICRO LOANS THIS FESTIVE SEASON cond..

- It is a financial services startup
- It offers a personal loan up to 5 lakhs for salaried professionals only
- The loan would be disbursed once documents are uploaded and thoroughly verified
- The tenure is 3 to 60 months
- Processing fee 2.5% of the loan amount
- Salary of the individual should be more than 18 months
- Google rating is 3.5 stars

3 REASONS BNPL IS A HIT AMONG YOUNG SHOPPERS THIS FESTIVE SEASON

- These days consumers are opting for Buy now pay later instalment plans to purchase numerous household items like TV, microwaves and even vacations online
- One of the key reasons BNPL is gaining popularity is there are customers who cannot purchase items which are too expensive
- Here are 3 reasons to opt for BNPL mode
 - a. Interest free payments
 - i. Unlike credit cards, no interest is charged by BNPL scheme
 - b. Offers and discounts
 - c. Transparent and low cost pricing model

WITH 10X GROWTH FOR BNPL PRODUCTS DURING SALES, FINTECHS GEAR UP FOR A BUMPER FESTIVE SEASON

- Fintech are hoping for a growth of anywhere between 50 and 150 percent in the usage of buy now pay later products by customers for festive season purchases
- Buy now pay later has become popular these days for customers
- Here no interest is charged for the customer who is opting for buy now lay later
- Lizzie Chapman, CEO and Co-founder of ZestMoney, said that customers applications for BNPL have grown up by 10X over the last 3 months
- Seeing the demand of BNPL, we expect his festive season to witness a 3X growth compared to the same period last year

WITH 10X GROWTH FOR BNPL PRODUCTS DURING SALES, FINTECHS GEAR UP FOR A BUMPER FESTIVE SEASON

- E-commerce platforms like Amazon and FlipKart are providing Buy now pay later
- Amazon Pay India Director Vikas Bansal said that during the great Indian Festival 2021 so far, there was 10 times surge in usage for Amazon Pay later compared to usual business months
- Flipkart's EMI scheme also has seen a 10X jump in the number of daily transacting customers since October 3rd
- Simpl's co founder Nintyanand Sharma said that 2021 has turned out to be starkly different on the customer sentiment front compared with 2020
- As there are 3% of Indians holding credit cards, the opportunity for fintech led pay later products is huge across ticket sizes
- For Simpl, Mr Sharma expects customers to avail credit in the range of Rs.400 to Rs.6,000

WITH 10X GROWTH FOR BNPL PRODUCTS DURING SALES, FINTECHS GEAR UP FOR A BUMPER FESTIVE SEASON

- **Customers using pay later for smaller purchases**
- ZestMoney's 11 millions customers avail credit of Rs.14,000 on an average, which has risen to Rs.16,000 according to Chapman
- Fintech CASHe which gives a credit line up to Rs.1 lakh recently launched its BNPL product and is expecting month on month transactions growth to increase from 20% to 30% during October and November
- Yogi Sadana, CEO of CASHe said that currently average ticket size ranges from Rs.15,000 to Rs.20,000 on our BNPL offering
- There's a steady increase in ticket size as we move more closer to Diwali

BUY NOW PAY LATER LOANS HELP INDIA'S FESTIVE RECOVERY

- Indian customers are easily getting attracted towards Buy now pay later as they want to buy everything from washing machines to vacation online
- Popularity is going up for these small size loans that is less than Rs.5000 as the labour market recovers from pandemic shock
- Those payments have been growing at least 20% to 30% over the past 3 months, according to fintech-firm executives
- Bhavin Patel, Co-founder of LenDen Club said that things are positive and people got their jobs back
- The BNPL has become very popular small size loans as people want to buy quickly as they are in need of it
- LenDen has seen loan applications treble to 170,000 in September from February and expects a further increase to 2,50,000 in December
- They cater to customers who are not eligible to borrow from banks and wait for longer time in a queue

SEPT RECORDS 35% RISE IN BNPL LOAN APPLICATIONS

- The demand for buy now pay later loans from new borrowers 35% on an average in September as more Indians stepped out of lockdown and indulged in revenge purchases
- This surge in new customer is higher compared to last 3 months
- This is happening as this is festive season
- There is an increase in interest from retailers who want to enable BNPL at their stores
- BNPL offers at physical stores doubled in September with new customer application rising by 10X over last 3 months
- Customers are showing more interest in buying TVs and smartphones by applying BNPL scheme
- Most borrowers who are borrowing fall between the age 22-36 years
- Yogi Sadana said that they have approved over 40,000 loans in September which has been its best month of the year so far
- LenDenClub's co-founder and CEO Mr Bhavin Patel said that he has seen the average ticket size of BNPL loans increase from Rs.9500 in July to Rs.13000 in September

SEPT RECORDS 35% RISE IN BNPL LOAN APPLICATIONS cond..

- He also said that they have disbursed about 3.5 lakh loans given till now of which 80% of loans are completely closed or repaid
- We have received over 1.60 lakh applications in September month
- Capital Float's co-founder and MD Gourav Hinduja said they saw 30% increase in customer acquisition in September

5 TECH BASED PLATFORMS DRIVING CREDIT LITERACY

- As the consumers are increasing day by day, there's a fresh demand for credit
- As the festive season is approaching, the increase in credit demand is going very high
- In the developed economy like India, banks and fintech which are on the back of technology have made huge steps forward in the past decade driving impressive progress in offering access to formal financial services
- However large number of consumers many of whom have limited experience with formal financial systems have very little exposure to financial education
- There are few tech platforms that are not only spreading credit literacy but also help consumers improve their financial health.

5 TECH BASED PLATFORMS DRIVING CREDIT LITERACY cond..

- **OneScore**

- It was launched in July 2019, OneScore aims to transform the consumer credit space helping consumers monitor and improve their credit score via AI-based score planner
- The company aims to build credit consciousness among consumers especially the millennial and tech savvy loan takers by enabling them to monitor and improve their credit scores

- **CASHe**

- It is a loan lending platform that gives instant personal loans, buy now pay later and credit line services to salaried millennials
- It was launched in 2016 by Mr V Raman Kumar
- It uses a credit scoring system called Social Loan Quotient based on AI-algorithms and Machine learning to access a person's true ability and intent to pay the loan he has taken
- CASHe has been downloaded over 14 million times

5 TECH BASED PLATFORMS DRIVING CREDIT LITERACY cond..

- **LenDen Club**

- It is India's leading peer to peer lending platform
- With a disbursal of 1200 crores worth loans, it aims to foster financial inclusion and literacy by leveraging technology to support borrowers with hassle free loans even in remote parts of India
- This institution provides new age investment platforms for investors where they can browse thousands of loans to put funds in and earn better returns than fixed deposits

- **Bank Bazaar**

- Bank bazaar is an app based financial service provider that offers consumers instant credit score information and customized quotes on loan rates and other financial products like mutual funds and insurance
- Besides offering credit scores, the platform also educates customers about the important of having good credit history

5 TECH BASED PLATFORMS DRIVING CREDIT LITERACY cond..

- **Paisa Bazaar**

- It is an online destination for all kinds of financial products like loans, insurances, credit cards
- The tech driven platform enables financial inclusion through its multi city recruitment drive besides offering access to jargon free information
- In 2020, it became the only player in the country to offer consumers their free credit reports in regional languages
- Today customers can get credit free report in languages like telugu, hindi, marathi, tamil and kannada
- The app uses Algorithm based tech which provides access to multiple personal credit offers and lets them compare multiple options

HOW TO SAFEGUARD YOURSELF FROM FINANCIAL FRAUDS, ONLINE AND OFFLINE

- India recorded 50,035 cases of cyber crime in 2020
- 11.8% increase in such offences over the previous year according to National crime reports bureau data
- RBI cautioned customers about the fraud, including those in KYC cases

BNPL LIGHTS UP INDIA'S E-COMMERCE SALES THIS DIWALI

- The Walmart backed e-commerce giant was offering its user instant credit of up to Rs.70,000 via its buy now pay later service
- This is for customers who cannot afford during festive season
- They would apply for BNPL service and pay back over a period of 12 months
- The company said activation would take just 30 seconds
- Tech in Asia went deeper into the numbers. That's what was observed
- Amazon also saw a 10X improvement in usage of BNPL scheme from tier 2 and tier 3 cities
- BNPL is gaining popularity as customers need not worry about paying the price right at the moment. They can pay later
- BNPL is going to spend 15% to 20% of how much young Indians spend, according to Anup Jain(managing partner at Orios Venture partners)

Thank you!

