

FinTech – Financial Sector

By,

K Rohit Gopal Rao

THE AGENDA

- Product roadmap of CASHe
- Credit line, BNPL and customer feedback
- Banking 2.0 – Drive the future
- Personal Loans for young salaried millennials across India | Startup Duniya with CASHe
- Pandemic Fuels Tech Inclusion in the Financial Sector
- The evolution of the digital lending sector in India – Yogi Sadana
- Personal Lending Startup CASHe secures INR 140 Crores Equity funding
- CASHe Raises ₹140 Cr, V Raman Kumar Talks About Growth Ahead | Startup Street | CNBC-TV18

THE AGENDA cond..

- CASHe appoints veteran banker Jogindar Rana to Top Role
- Fintech Platform raises \$19 million from its Singaporean parent TSLC
- [Roundtable] CXO Exclusive: Building a Digital-first Customer Acquisition and Collection Process
- Is Buy Now, Pay Later A Good Idea For Consumers

PRODUCT ROADMAP OF CASHe

- CASHe uses Artificial Intelligence based algorithm.
- The App evaluates whether a customer is eligible for loan
- Mr. Raman Kumar realized that there is a lot of need for credit in INDIA
- To solve this problem, he founded CASHe a personal loan giving app
- It gives loans for young salaried professionals who don't have credit history

PRODUCT ROADMAP cond..

- During the initial days, there was no data and was a big challenge
- The predictive engine has learnt from every transaction how to predict the customer behaviour
- CASHe gives loans to customers those who cannot get loan through traditioned credit system
- CASHe was the first fintech lender to debut on Google pay offering short term loans

CREDIT LINE, BNPL, AND CUSTOMER FEEDBACK

- Customers who were eligible were provide credit line facility
- Customers can utilize their funds as buy now pay later
- Yogi Sadana says that customers were profited within 2 years by giving services
- CASHe introduced short term lending for those who faced monthly financial issues
- Customer feedback loop was also introduced to improve CASHe service
- This tech improved the financial health of “thin-file” customers

ABOUT SLQ (Social Loan Quotient)

- It uses AI-based credit logic system to evaluate whether individual is eligible for loan
- It evaluates whether the customer has intention to repay the loan amount
- This is a unique feature and CASHe has successfully created a large customer base

BANKING 2.0 – DRIVE THE FUTURE

- **Shivir Chordia Azure Business lead from Microsoft says**
- Parents approach towards bank has totally changed from kids approaching banks
- Technology plays a major role in upcoming banking
- Long ago, financial decisions were made by 35 years or 45 year old professionals but now by 20 year olds
- Customers requirements are changing banks not the pandemic

BANKING 2.0 – DRIVE THE FUTURE cond..

- **Yashoraj Tyagi, CTO of CASHe says**
- As people found very difficult to approach a bank for loan, they are approaching digital lending platform these days
- Financial services and banking is a high trust game
- Lending has become convenient to people who wants to improve their financial health

BANKING 2.0 – DRIVE THE FUTURE cond..

- **Krishnan Parameshwaran, CTO and Co-founder of Namasthe credit says**
 - There is a lot more focus on digital on-boarding and digital lending post COVID
 - In order to improve the ecosystem, only dealing with the customer is not enough, providing excellent service plays the major part of the game
 - There's an AI driven platform called iCAM to help banks evaluate customers in an automated underwriting model
 - We ensure that the interfaces we build are secure
 - Data is protected

BANKING 2.0 – DRIVE THE FUTURE cond..

- **Mrudhul Gupta, COO of Coindcx says**
 - Vast majority has come to invest hard earned money to get benefitted from Crypto currency market
 - As we step into 2022, there is more crypto acceptance
 - It is much easier to prevent mischiefs happening regarding crypto currencies
 - Second big thing is rise of blockchain developers

BANKING 2.0 – DRIVE THE FUTURE cond..

- **Pankaj Bansal, Chief Business Officer Bank Bazaar says**
 - Customer cannot wait in line for loan to get sanctioned
 - But, today he needs two or three minutes for the loan to get disbursed
 - These days, people are talking about experience rather than the product
 - Fintech has come up very well to help banks/financial institutions and customers maintain a healthy relationship
- **Rupesh Kumar, CTO of OneCard says**
 - Customer experience plays important role while building digital startup
 - While building fintech products, the valuable thing is trust

PERSONAL LOANS OF YOUNG SALARIED MILLENNIALS ACROSS INDIA | STARTUP DUNIYA WITH CASHe

- CASHe was founded by Mr. V Raman Kumar in 2016.
- Just 10% to 15% people are having credit score in India being lent by a bank.
- CASHe has come up SLQ (Social loan Quotient) to evaluate the customer
- Lending goes with 2 factors.
 - a. Intent – intention to repay the amount
 - b. ability of the customer to repay the amount

PERSONAL LOANS OF YOUNG SALARIED MILLENNIALS ACROSS INDIA | STARTUP DUNIYA WITH CASHe cond..

- CASHe marries “intent” and “ability” together to generate the credit score
- Rate of interest starts from 2.25% onwards depending on the tenure
- ROI gets reduced as customers keep paying high.
- Regarding customer feedback, we want ourselves to be present at what customer needs
- We have disbursed huge amounts of personal loans to customers last 3 years.

PERSONAL LOANS OF YOUNG SALARIED MILLENNIALS ACROSS INDIA | STARTUP DUNIYA WITH CASHe cond..

- The major thing is we need to build customer trust
- Regarding future plans, we are ready regarding investment and insurance in next couple of years
- From food to jewellery, we are ready for disbursing loan
- In a couple of years time, we would be full fledged near bank
- During COVID, People still have the intent but their ability to pay back is lost.
- Reason can be job loss or salary delayed
- The EMI which got extended during COVID and post COVID, is successfully paid back to us

PANDEMIC FUELS TECH INCLUSION IN THE FINANCIAL SECTOR

- The main motto is to make financial services easy for consumers
- Pandemic has given us an opportunity to solve the problem of personal loans
- Collection was also a challenge
- We use tech data to predict the behaviour
- There's a lot of growth in digital payments during COVID
- Digital payments happen in quick time as consumers cannot wait in a line for longer time

PANDEMIC FUELS TECH INCLUSION IN THE FINANCIAL SECTOR cond..

- Digital banking is growing at the rate of 22% compared to physical banking if we calculate from 2019 to 2024
- Pandemic is forcing SMEs to make a transition into digital lending

THE EVOLUTION OF THE DIGITAL LENDING SECTOR IN INDIA – YOGI SADANA

- CASHe is India's first Fintech lender, a digital lending platform
- The government has done a dramatic job in engaging the customer digitally
- 300 to 400 million accounts have been opened
- Consumers are expecting easy and quick lending tactics profitable in long term basis
- There are three words to describe relationship between banks and financial institutions
 - 1. competition
 - 2. collaboration
 - 3. convergence
- Lending of money takes place for short term purpose only
- We would lend money from 6AM to 12 mid night

SOCIAL LOAN QUOTIENT – HOW DOES IT WORK

- First customer needs to download the app
- This would give the machine the opportunity to understand what all documents needed in order to generate SLQ score
- We compare that equation with other millions of people's data we have in our system
- This sees that whether this customer is a good customer or a bad customer
- Once the data is biased by the machine, it evaluates the eligibility of the customer
- Huge success is seen till date
- During pandemic, people have moved from physical banks to e-commerce platform
- Buy now pay later has become very popular as it is a split in multiple EMIs

PERSONAL LENDING STARTUP CASH_e SECURES INR 140 CR EQUITY FUNDING

- CASH_e is mobile first, non banking, digital lending startup
- Loans range from Rs.1,000 to Rs.4,00,000 with approximate annual rate of 30.42%
- Young millennials who's age is below 25 are available for short term low value credit
- This was founded by Mr. V Raman Kumar
- Minimum tenure is 3 months and maximum tenure is 18 months
- It charges a processing fee as 3%

CASHe RAISES RS.140 CR, V RAMAN KUMAR TALKS ABOUT GROWTH AHEAD | STARTUP STREET | CNBC-TV18

- CASHe was started as a small ticket loan lending company
- We have added personal loan and BNPL
- We have also disbursed insurance
- Our pipeline is be flexible with what customers want
- The Loan we are running is for 1400 crores for current year
- We grew from 700 crores in 2021 and expecting double in 2022 year
- It is very reasonable target to reach Rs.2400 crores in 2022-2023
- Idea of CASHe is lending, spending, investment and insurance

CASHe APPOINTS VETERAN BANKER JOGINDAR RANA TO TOP ROLE

- CASHe is preparing for its next phase of growth with a series of key leadership appointments
- In order for the effect to take place, CASHe appointed Jogindar Rana, a veteran banker as a Vice Chairman and Managing Director
- Dhruv Jain is appointed as a Chief Executive officer
- The CTO of CASHe, Mr. Yashoraj Tyagi is appointed as Chief Business officer
- Jogindar Rana was MD of Bank of Baroda
- CASHe grew excellently well for Financial year 21-22 with its records disbursals

CASHe APPOINTS VETERAN BANKER JOGINDAR RANA TO TOP ROLE cond..

- Dhruv Jain who joined as CEO of CASHe brings over three decades of expensive experience in corporate finance
- Most recently, he was MD – CFO(chief financial officer) with Altico capital India ltd.
- Altico is an Non banking financial institution
- CASHe has a strong business model
- Yashoraj, a young CXO(chief experience officer) level team member and Chief Technology officer has been appointed as the company's first chief business officer in addition to his current role
- Tyagi joined the institution in 2017 as a trainee engineer straight from BITS Pilani and soon rose to become a CTO post as he has done Masters in Financial engineering from the university of California, Berkley

FINTECH PLATFORM RAISES \$19 MILLION FROM IT'S SINGAPOREAN PARENT TSLC

- Fintech startup CASHe has closed Rs.140 crore of equity funding from it's Singaporean based holding company TSLC Pte Ltd.
- CASHe said the latest capital infusion ramps up company's balance sheet to over Rs.800 crore which comprises about Rs.300 crore in equity
- With the fresh capital, the Mumbai headquartered fintech firm said it will be bringing up its profits and boost it's product portfolio
- It also aims to roll out new offerings in wealth tech and bolster investments across operations, product development, data sciences and technology
- Achieving Vision 3.0 is the next mile stone for CASHe's growth and opportunity

FINTECH PLATFORM RAISES \$19 MILLION FROM IT'S SINGAPOREAN PARENT TSLC cond..

- CASHe has set goals to become a full stack, credit led financial wellness platform of choice for the millennial
- Operated by Aeries Technologies, CASHe is a personal loan app and digital lending platform targeting millennials and Gen Z in India
- Besides personal loans, it provides Buy now pay later products to salaried people through app based on AI based algorithm
- In the last years of launch, CASHe claims to have over 15 million registered users and disbursed over 3000 crores to over 4 lakh active customers
- The company has disbursed over Rs.1,000 crore worth of loans in 9 months of this fiscal year
- It aims to disburse more than Rs.1,400 crore by the end of March 2022
- It's eye expansion of its loan book to Rs.3,000 crore and add up to one million customers from the current four lakh in the fiscal year 2022-23
- The company also plans fresh hiring in technology, product, marketing and customer support.

[ROUNDTABLE] CXO EXCLUSIVE BUILDING A DIGITAL-FIRST CUSTOMER ACQUISITION AND COLLECTION PROCESS

- Neelesh Patel – CDO and co founder of six square said that Fintech is trending topic these days
- Long back Rahul Chopra said that he was very clear that digital lending would become very popular compared to traditional lending system
- He's very proud to say that 85% of business comes from digital lending
- Yogi Sadana said that digital lending is happening with the help of smart phones in India
- During pandemic, people were pushed towards digital lending
- Neelesh Patel asked Yogi Sadana that what people should learn from him
- Yogi Sadana said that if they were able to solve people's problem, every other problem gets solved
- We need to focus on new trending things in the market

[ROUNDTABLE] CXO EXCLUSIVE BUILDING A DIGITAL-FIRST CUSTOMER ACQUISITION AND COLLECTION PROCESS cond..

- Neelesh asked Shashank Agarwal what do to in to-do list over next 2 years
- Shashank said that they are selling complex credit product
- Most of the time, the decision doesn't happen instantly
- Customers need money immediately
- When customers approach them, they engage with them and keep them warm. This is the biggest challenge
- Neelesh asked Bhavin how he structures his structure from customer's acquisition
- Bhavin said that LenDen club is a market where investors who want to lend money to borrowers who are eligible for loan
- More than 6 lakhs customers are taking loan
- It's a unique model

[ROUNDTABLE] CXO EXCLUSIVE BUILDING A DIGITAL-FIRST CUSTOMER ACQUISITION AND COLLECTION PROCESS cond..

- Whether it is investor on boarding or borrower onboarding, we focus a lot on user journey
- We focus on salaried or business people
- We are focusing on customers who's need is to get more much faster
- We focus on completely on digital on-boarding
- We can disburse loans in few hours so that customer's needs is fulfilled
- Once loan is disbursed, our next phase is collection
- Minimum salary should be Rs.12,000
- More than 90% of collection happens using technology
- Neelesh asked Rahul chopra that what is that one thing in his mind to get executed?
And what is one thing that worries him the most?

[ROUNDTABLE] CXO EXCLUSIVE BUILDING A DIGITAL-FIRST CUSTOMER ACQUISITION AND COLLECTION PROCESS cond..

- They are focusing on selection
- While being passionate and aggressive around regarding digital effort, you have to balance two things
 - 1. Build vs buy
 - 2. Don't try to do everything
- Try to bring in nice balance
- We don't want to commit a mistake there
- Upon Neelesh asking Yogi Sadana, what one worry he has in his business or entire eco-system, Yogi Sadana said about preventing fraud

[ROUNDTABLE] CXO EXCLUSIVE BUILDING A DIGITAL-FIRST CUSTOMER ACQUISITION AND COLLECTION PROCESS cond..

- We need to always keep ahead of ourself not to lose money when someone enters into our system
- Shashank Agarwal said that they need to be quick enough to provide variety of products to have much wider consumer segment
- Neelesh asked Bhavin what he would like to do in his business
- Bhavin Patel said that before customer thinks of loan, they should be able to deliver that
- Neelesh asked to all that what is the lending of the product in future for pure NBFC like CASHe?
- Yogi and Sadana took this question said that standalone products would get transformed into bundled system where you are giving service to the consumer
- Lending is a good process when consumer is concerned

IS BUY NOW, PAY LATER A GOOD IDEA FOR CONSUMERS?

- Breaking up the payment into smaller payment and repaying in instalments over a period of time instead of all at once
- They offer short term interest free payments
- Sometimes long term payments with some interest
- BNPL users used BNPL 5 or more times a year
- Buy now pay later is 19% in Germany
- In UK, Buy now pay later is 5% of e-commerce
- Nearly 10 million consumers used BNPL in UK in the past 12 months
- Affirm(BNPL financing institution) reported that 102,000 merchants opted for BNPL
- BNPL also give shoppers with less than ideal credit history access to funds as many of these services use their own algorithms to determine a borrower's ability to pay not just a traditional credit score

WHEN TO USE BUY NOW PAY LATER?

- Use a debit card if we have the money
- If you have credit card, you may qualify for 0% financing
- If you don't have credit history or credit card, BNPL would be the best option for payments over a fixed period
- There are critics regarding BNPL that the protection levels and regulation levels are a bit low
- The credit sales were structured specifically to avoid consumer protections
- But the truth is regulation for these businesses in U.S. is suspectable
- BNPL services are not technically loans but instalment plans

Thank you!

