

## BNPL lights up India's ecommerce sales this Diwali

1. 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
2. So that customers who are unable to afford can shop very well during this festive season
3. They would apply for BNPL service and pay back over a period of 12 months
4. The company said activation would take just 30 seconds
5. Tech in Asia went deeper into the numbers. That's what was observed
6. The Bangalore based company has said that it saw over 1 million customers opting for pay later scheme as they want to purchase during flagship shopping event(the big billion days 2021 which ran between October 3<sup>rd</sup> to October 10<sup>th</sup>)
7. When compared with Amazon, Amazon's month long great Indian festival 2021 has ended on November 2<sup>nd</sup>
8. It brought over 5,00,000 new customers to global e-commerce pay later program
9. Amazon also saw a 10X improvement in usage of BNPL scheme from tier 2 and tier 3 cities
10. During the 1<sup>st</sup> day of great Indian festival, we have seen nearly 4X of customers who have signed up for pay later scheme compared to usual business days
11. From Big ticket items such as electronic goods to smaller purchases such as apparel, shoes and beauty products, BNPL is gaining popularity as customers need not worry about paying the price right at the moment. They can pay later
12. Fintech firms like KredX, enables the use of BNPL via retailers, there's 110% increase of volume in October, which marks an onset of the festive season in India
13. BNPL is going to spend 15% to 20% of how much young Indians spend, according to Anup Jain(managing partner at Orios Venture partners)
14. Paying via BNPL has begun with the most non-compulsory spending like lifestyle goods, but will also spread to essentials like health and wellness and even education

15. Redseer consulting estimates that India's BNPL market could grow 15X in next 5 years at compound annual growth rate of 68% to reach US \$40 billion to US \$50 billion if adoption is aggressive

## What is fueling the BNPL fire?

1. Analysts say there is rise in optimism around consumer sentiment as vaccinations pick up in India and COVID 19 cases trend downwards
2. Because of this reason, people want to shop again and BNPL makes it easier and more convenient for them by giving the option as instant credit
3. Yogi Sadana said that with only 3% of Indians owning credit cards, BNPL offers customers to buy the products very conveniently without worrying about the price
4. BNPL demand has grown up along with FinTech
5. It takes few minutes to evaluate customer's eligibility and process the application for BNPL
6. Companies like LenDenClub and Ezetap say that they take just 10 minutes to onboard a customer
7. Ezetap seeing 21% of its total transaction coming from BNPL
8. The income threshold for using BNPL services is much lower than that required for credit cards
9. Income threshold means the employee starts paying taxes with his income
10. A person earning below Rs.1lakh per month will find difficulty in getting credit card approval
11. Credit cards take 7 to 10 days to reach the user even after they are approved
12. Any salaried individual with Rs.25000 salary per month is eligible for BNPL

## Credit at a convenience

1. BNPL products such as LazyPay and Simpl offer a one tap payment option, and don't require any additional one time passwords
2. BNPL is more convenient such as credit and debit cards
3. A frequent LazyPay user named Prajwal said that whenever he clicks on LazyPay option for food, his order is placed

4. Merchants like Dunzo, purple, furlenco, makemytrip and big basket now support BNPL apps
5. LazyPay and Simpl customers can repay the credit they take either every 15 days or pay it off through instalments
6. Startups such as Uni have come up with Cashbacks offers that make BNPL all the more attractive
7. Nitin gupta, co-founder and CEO of Uni said that if the customer can pay the entire amount in the month, they get 1% cash back
8. Uni has 50,000 active customers
9. Tiger global backed BharatPe, which has been late to join BNPL has come up with the product called PostPe
10. Suhail Sameer, CEO of BharatPe said that we really expand the market when you give credit to people who don't get credit
11. About 65% of India is new to credit and that's the market we want to open up
12. The company is offering credit as low as Rs.2000 to such people and rise their credit limit month on month when they meet repayment deadlines

## Not a flash in the pan

1. Edelweiss sees BNPL as second trend that is here to stay
2. According to a payment from the India-based financial services firm, pay later transactions will nearly make up to 9% of all e-commerce payments by 2024
3. As of October this year, investors have cumulatively pumped nearly US \$130 million into BNPL companies in a total of seven rounds according to Tracxn

## Focus on the fine print

1. Although BNPL is easy payment for many individuals, it does charge if there's any late payment
2. LenDen Club bills Rs.250 every week on missed repayments
3. If the sum is not paid back in a month, an additional 2% is charged each successive month
4. Uni allows customers to extend the tenure of their bills, but adds an interest of 14% to 18% on the borrowed money
5. Flipkart charges a penalty for late repayment on any dues outstanding on the 5<sup>th</sup> day of every month

6. If still there is due in the payments, the company would deactivate the user's account and doesn't encourage the customer to purchase any more
7. Users have also been questioning the way the companies remind users about repayment deadlines
8. Zishan Hayath, co-founder of Indian edtech startup said that LazyPay has the worst missed payment reminder service. The support team has rude and threatening tone even for big customers
9. While customers are clearly getting to know the instant gratification that BNPL offers, the lesser known terms and conditions that come with this new credit line could pose some risks to their credit scores