



Unlocking the next frontier - Tier 2 towns & beyond

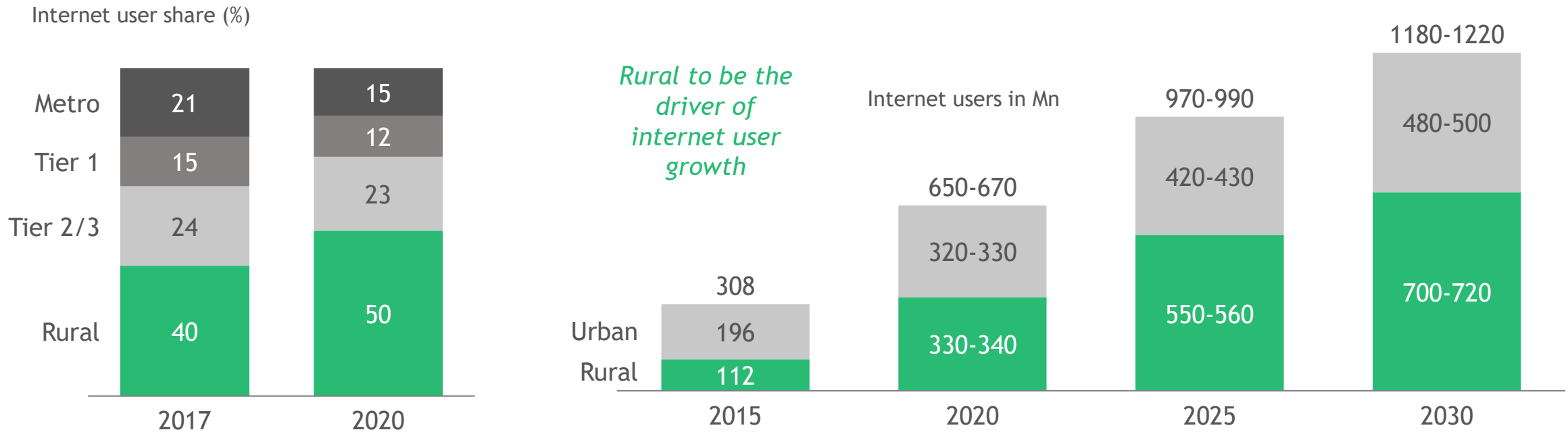
FIBAC panel discussion

DECEMBER 2021

Internet growth being driven by Rural, narrowing the gap with Metro

Rural now contributes half of internet users

India's internet penetration to reach 80% by 2030; Driven by takeoff in rural growth, even as urban reaches universal penetration (~90%)



Beyond tier 2+ likely to remain future drivers too

Note: Internet users (Mn) & internet penetration % among all India population (all age groups) at end of the calendar year
 Source: Buzz to Bucks 2020 survey (N=10,000 ; Urban & Rural coverage), BCG analysis

India's rural consumers online largely engage in social and video content

Penetration %

		Urban	Rural
1 Social	WhatsApp/ Chatting	81%	79%
	Social media	70%	50%
2 Content	Watching videos/ YouTube	75%	68%
	Free OTT	70%	39%
	Downloading music/videos	45%	16%
	Reading News	40%	16%
	Online music listening/ streaming	36%	13%
	Paid OTT	10%	0%
	Search information	49%	16%

		Urban	Rural
4 Transact	Shopping	62%	20%
	Mobile wallets	42%	12%
	Mobile banking ¹	15%	5%
	Internet banking ¹	13%	3%
5 Select	Booking cab	15%	2%
	Searching jobs	12%	3%
6 Service delivery	Online hobby classes	12%	2%
	Doctor consultation	8%	1%
	Paid online learning	5%	0%

60+ / 30-60 / <30% penetration

Note: Penetration % among adult internet users (18+ years), Urban India (representative of Metro-Tier 3 towns)
 Source: Buzz to Bucks 2020 survey (N=10,000 ; Urban & Rural coverage), BCG analysis

Financial services behemoths see potential in tier 2+ cities

Investment in terms of manpower and strategy already ongoing



HDFC Bank aims to double rural presence, hire 2,500 people
September 27, 2021

HDFC Bank, the country's largest private sector lender, on Sunday said it aims to double its rural reach to two lakh villages, which will see it hire 2,500 people in the next six months



Axis Bank bets big on Bharat Bank
September 29, 2021

With the success and tremendous to its Deep Geo initiative, which focused on servicing over 80 lakh customers in semi-urban and rural regions across 2,065 branches during the pandemic, Axis Bank, India's third largest Bank is now betting big on Bharat.



Tier-II cities: The new frontier of the housing boom

06 Nov 2021 | by Team FINFIRST

SBI General Ties Up With SahiPay To Expand Each In Rural Areas
August 7, 2021



Shriram General Insurance plans aggressive rural push, eyes 16% income

Shriram Groups is expecting around Rs 750 crore profit this fiscal, upto from Rs 700 crore last year, as it expects gross written premium income to touch Rs2,200-2,300 crore this year

November 17, 2021



Insurance: Hero Insurance Broking eyes rural push

October 5, 2021



NABARD project Assam's credit potential at Rs 36,292cr for FY23

at Rs 36,292cr for FY23 December 11, 2021



NBFC Agriwise Finserv partners Central Bank of India for agri loan disbursals

November 30, 2021



MFs to focus on stronger inclusion of investors from deeper geographies

India has witnessed tremendous growth in its mutual funds industry that has grown from Rs 1.13 lakh crores to Rs 31.7 lakh crores in AUM from March 2000 to February 2021

July 8, 2021

Viable models for financial services delivery need to be different

Pain points in the existing traditional models to be addressed



High dependence on
Banking
correspondents



Financial literacy



Inadequate physical
banking



Complex to
understand
mechanisms



Long physical
distances



Too little data



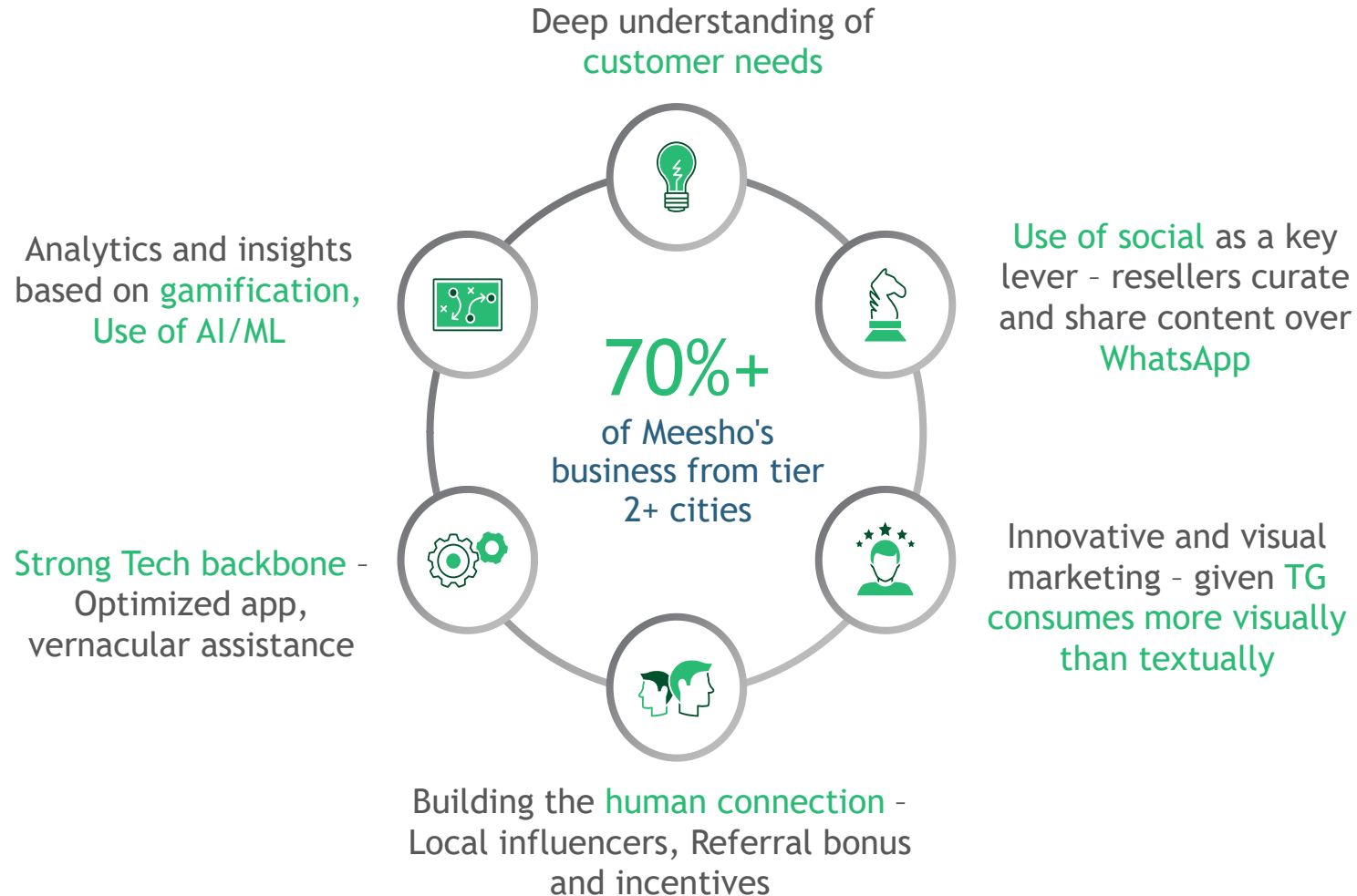
Low Average Ticket
Size

Is there a need to think disruptive and not just incremental?

Examples beyond financial services on use of social, technology and marketing to effectively penetrate



Social Commerce
Unicorn





Key questions for our discussion today

Financial Services sector has been scratching the surface of tier 2+ cities - what are the key **challenges that have hindered growth?**

What are the **biggest opportunities** you see in the space going forward?

Steps that you have taken/ plan to take to address the challenges ? Any **specific innovations?**

Can there be a **UPI moment** on the same ?
What additional **regulatory/ industry support is needed?**



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