



# India Stack: Next Evolution in Credit

FIBAC presentation

DECEMBER 2021

# Evolution of credit

## Pre 1990

**90%+** PSBs share of credit

**50%+** Strict credit controls (SLR + CRR)

**65%+** Top 5 cities credit share

## 1990-2000

**20%+** Controls eased (Reserve reduction)

**32% to 54%** Growth in credit to GDP %

**4% to 20%** Growth in private sector bank share

## 2000-2010

**4** Credit Bureaus set up

**50%+** CAGR in mortgages

**18X** NBFC book growth

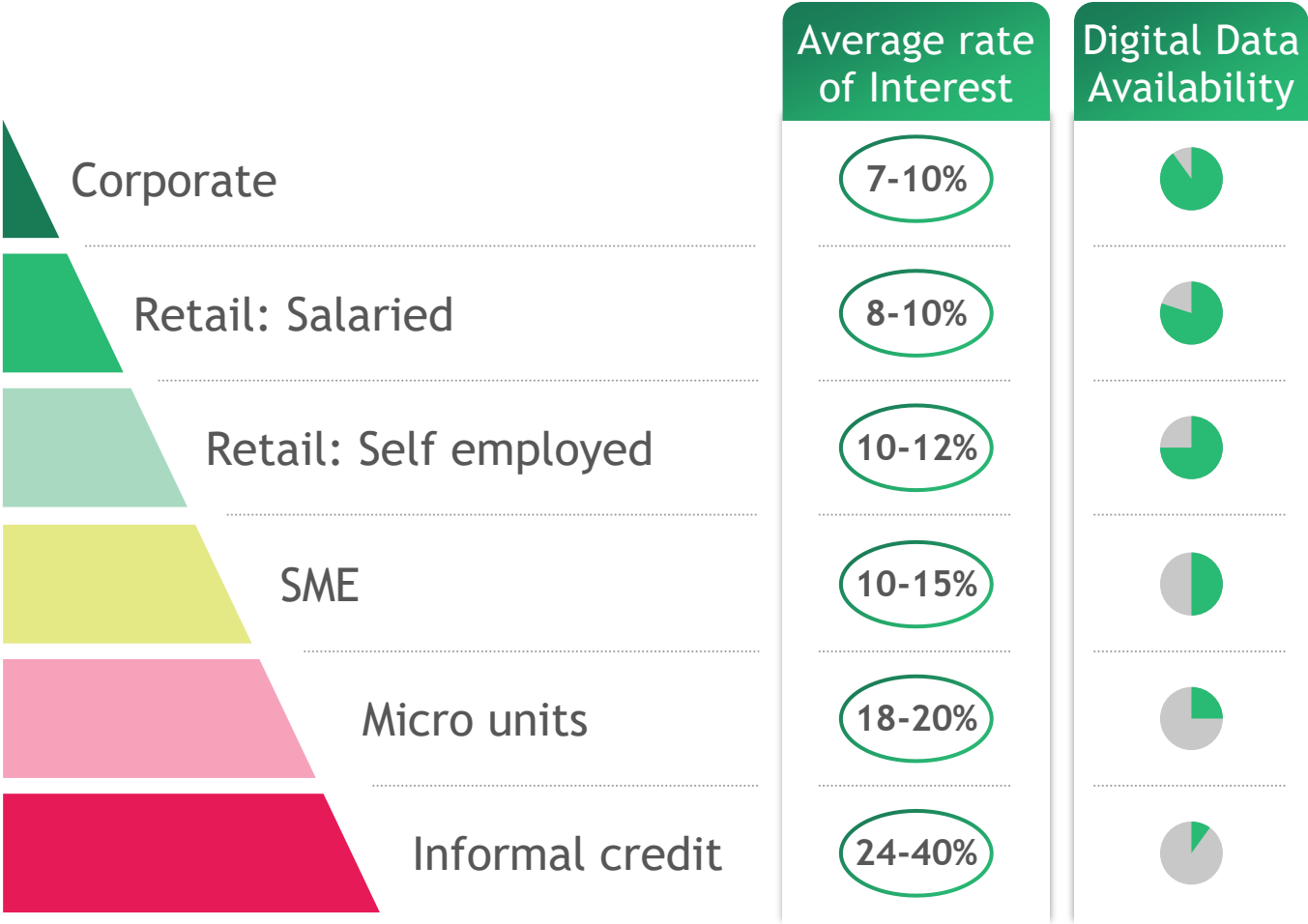
## 2010-2021

**India stack live** Aadhaar, JAM, UPI...

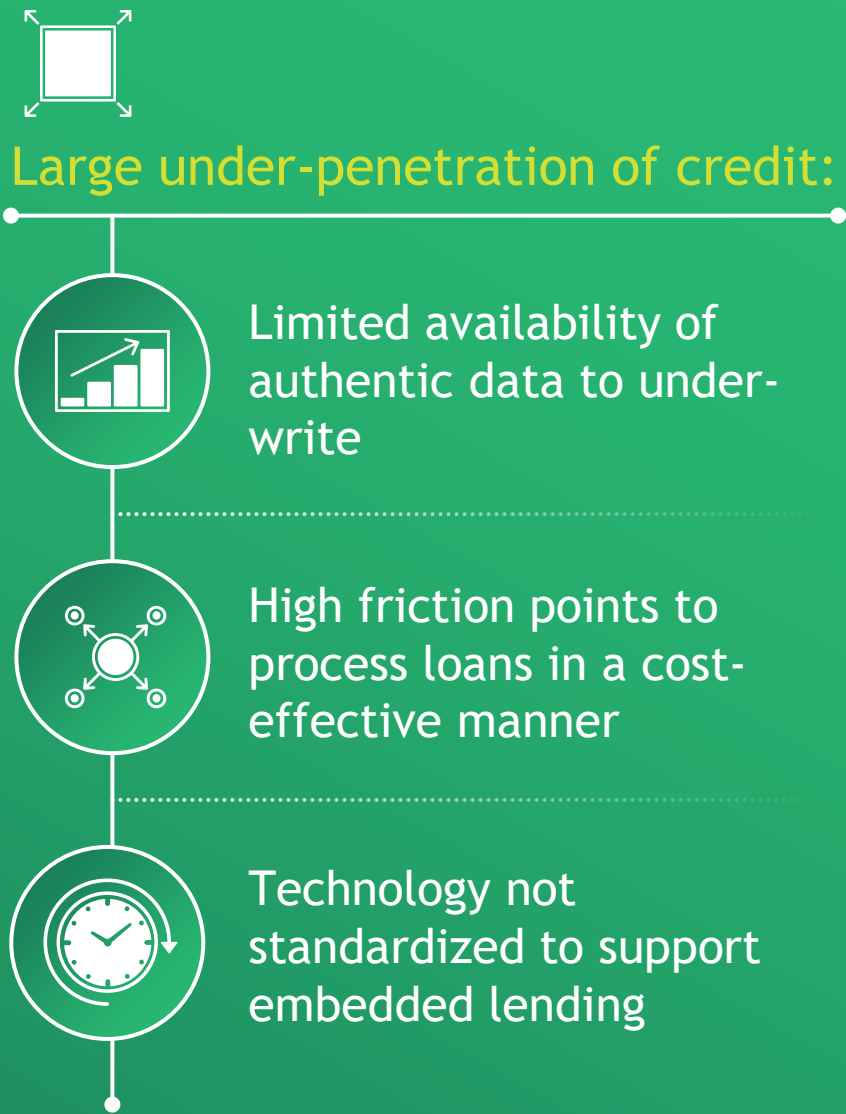
**2000+** Fintech Cambrian explosion

**65%+** NBFC loans sourced digitally

# Large base of under-served customers



Source: RBI; Industry reports; BCG analysis



# India Stack: Lending is next frontier



Source: NPCI; UIDAI; Sahamati

# Open-finance rails have proven to be more scalable



Walled garden,  
no inter-operability  
of accounts



Multiple  
integrations  
required



Friction with  
bank A/c



**paytm**  
**6 years**  
100m wallets



**UPI**  
UNIFIED PAYMENTS INTERFACE  
**3 years**  
100m VPAs

Completely  
inter-operable,  
common standard



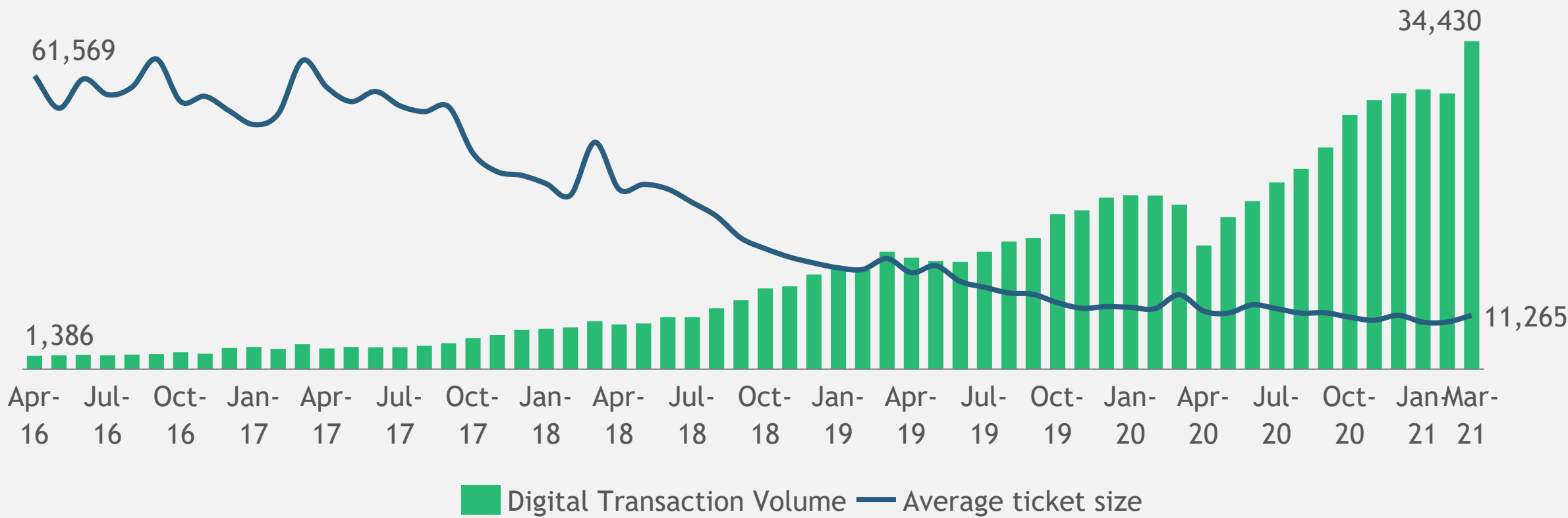
Plug & play API



Virtual account  
layer, no bank  
details required

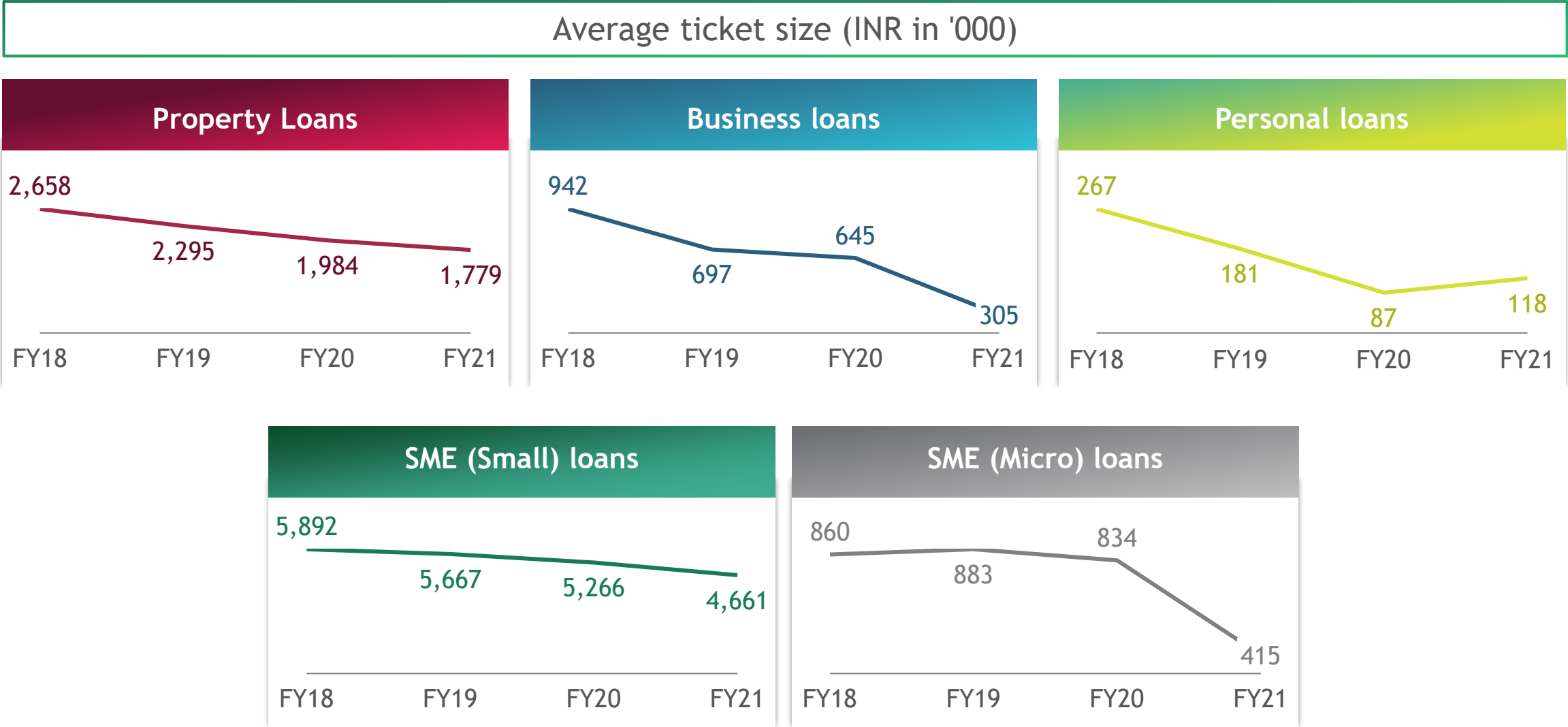


# UPI platform has miniaturized ticket size and exploded volume of transactions



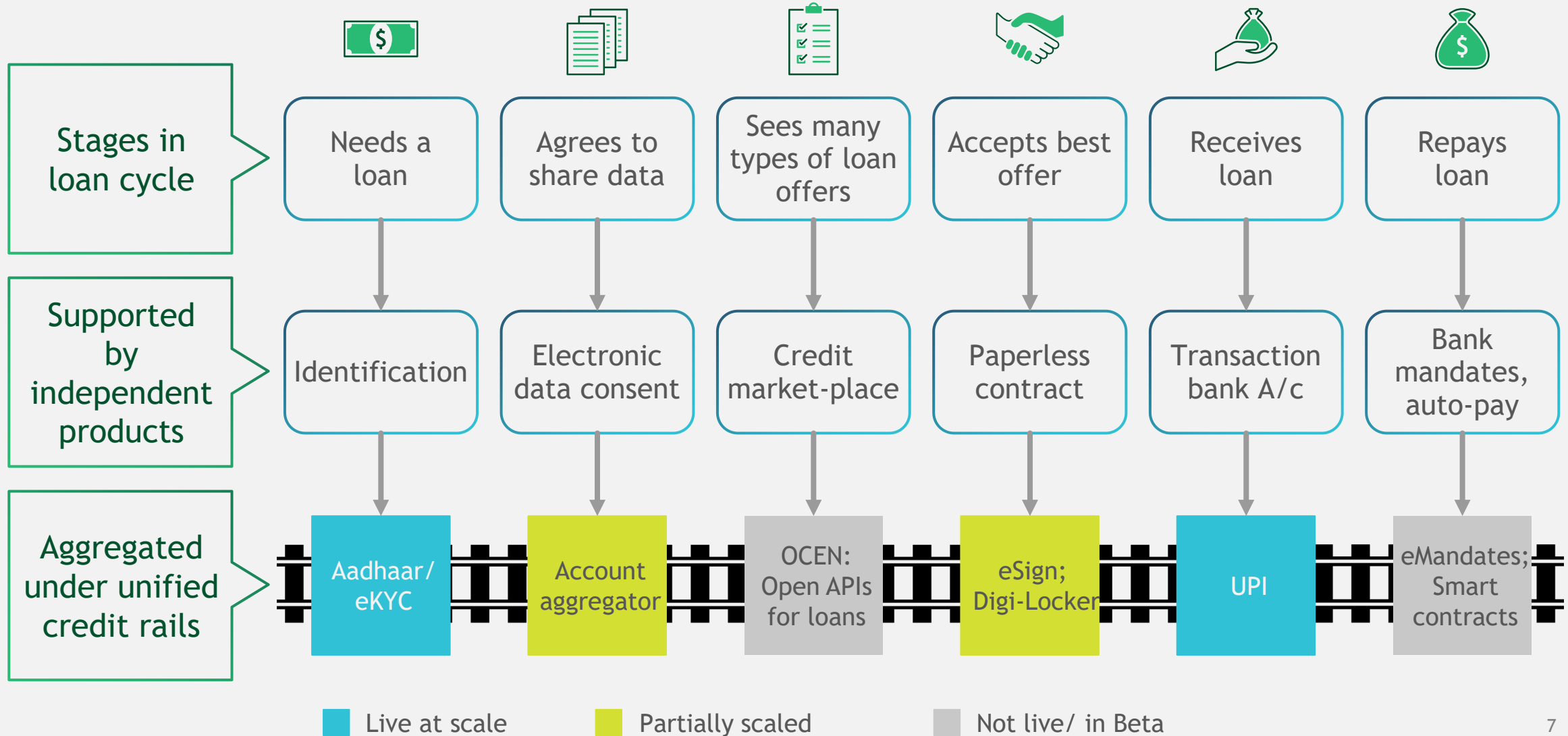
Source: RBI, BCG Analysis  
Digital Transactions include UPI, NEFT and IMPS

# Shrinking of loan tickets size has started... it is just the beginning



Source: FIBAC Trends and Benchmarks; BCG analysis

# OCEN: Bundling credit rails on public infrastructure

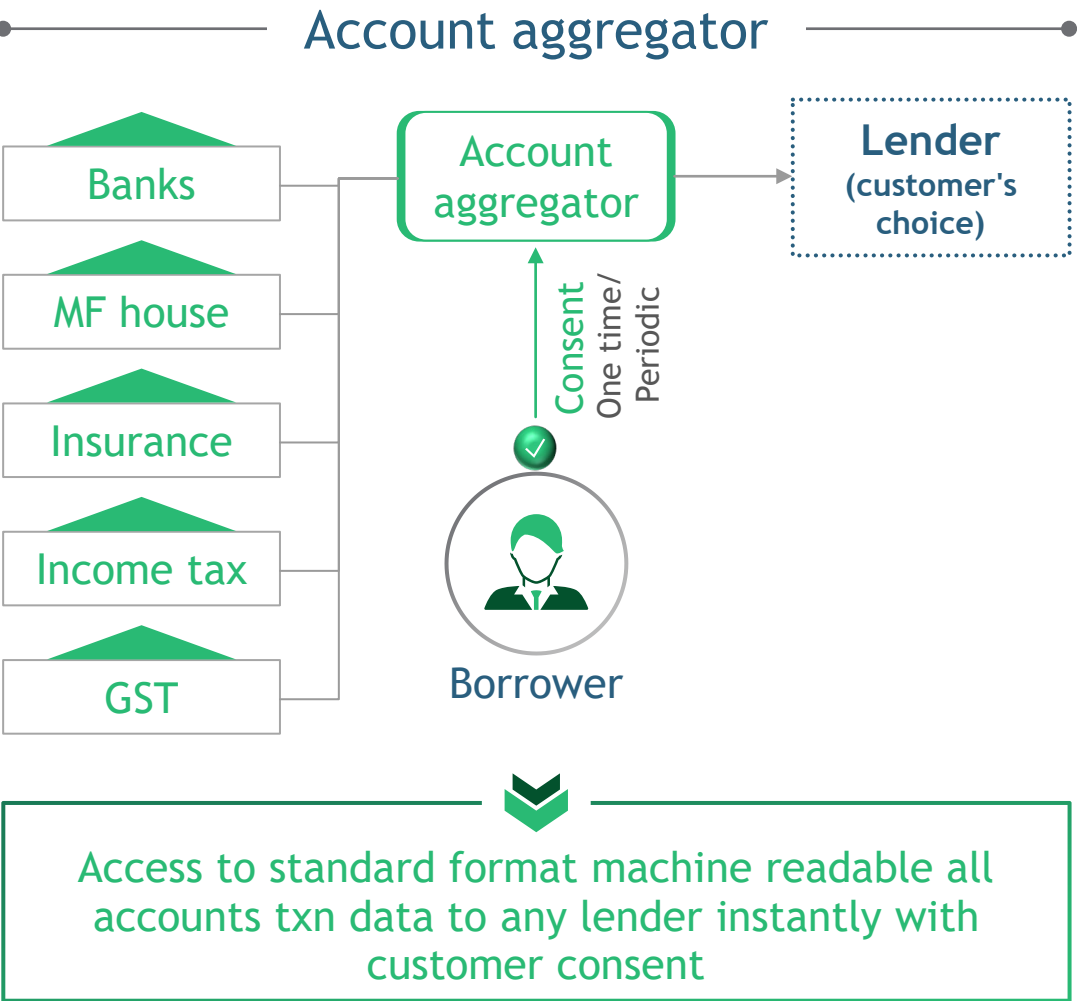




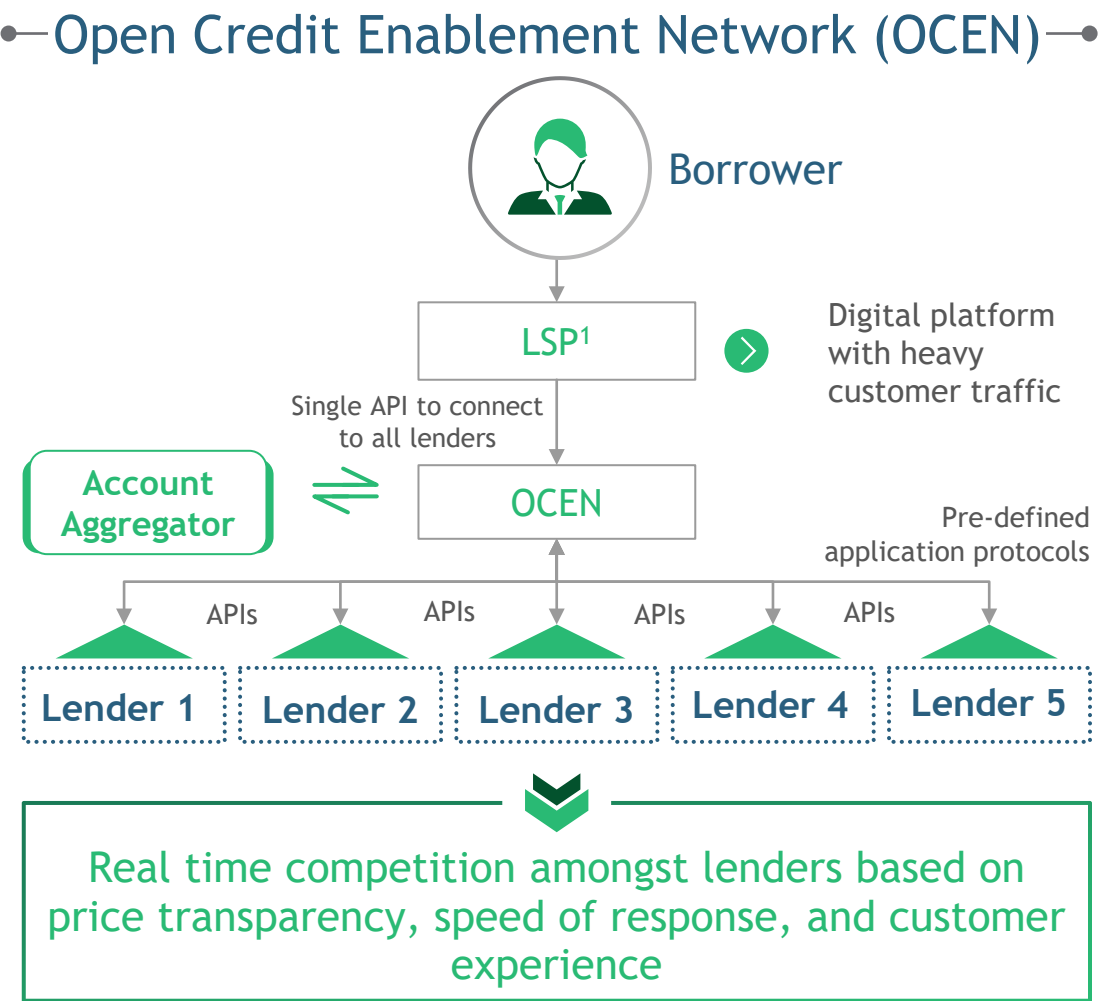
# Large number of offline SMEs coming onboard digital marketplaces



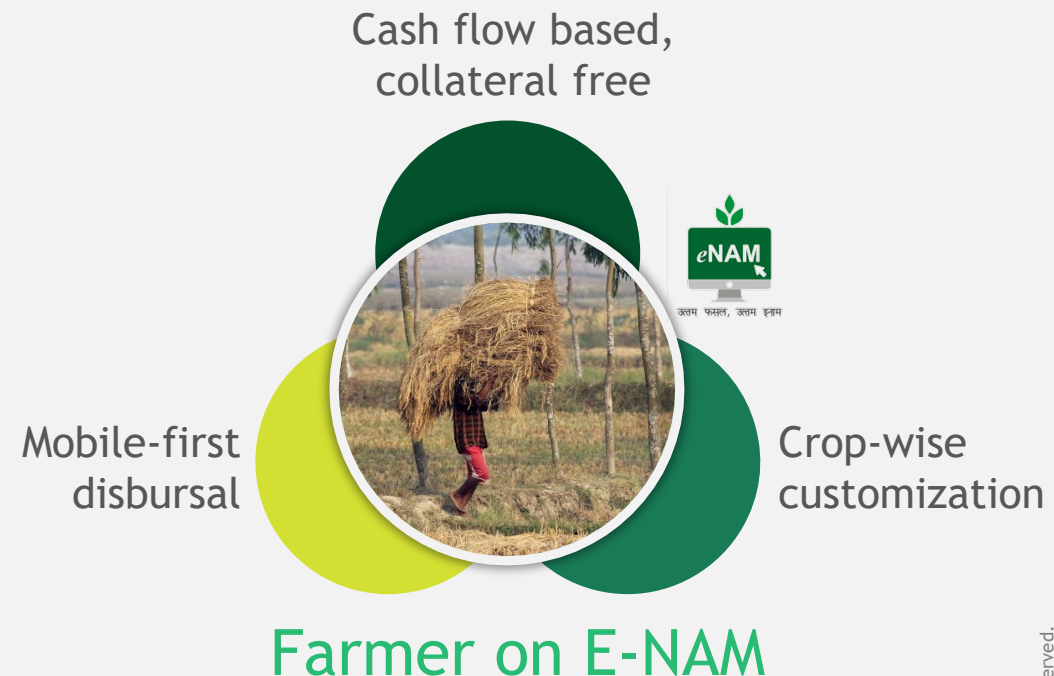
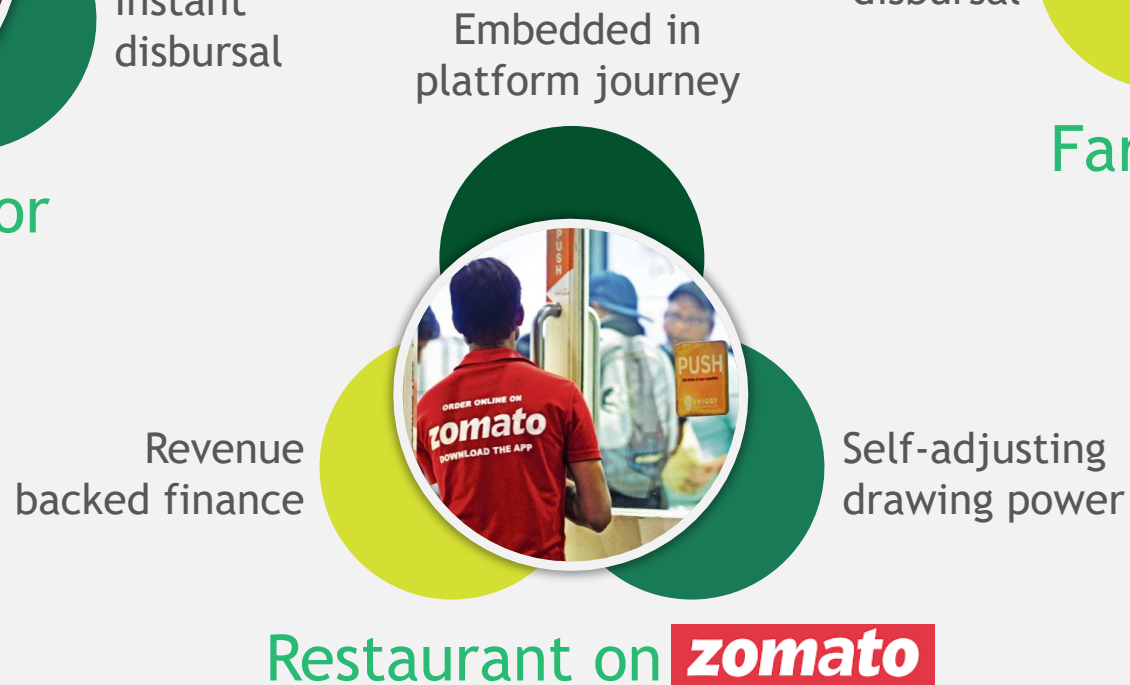
# Consent driven architecture could disrupt the lending journey



1. LSP - Loan service provider



# What does the future look like?



## Points for panel discussion

Is India ready for a disruption?

What opportunities does AA/ OCEN open up for different players (Banks, NBFCs, Fintech)?

What are the challenges with this framework? How do we ensure customer behavior changes?

What measures is the industry taking to ensure the technology stack works at scale?

How should the ecosystem be ready to handle data privacy concerns and regulations?

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