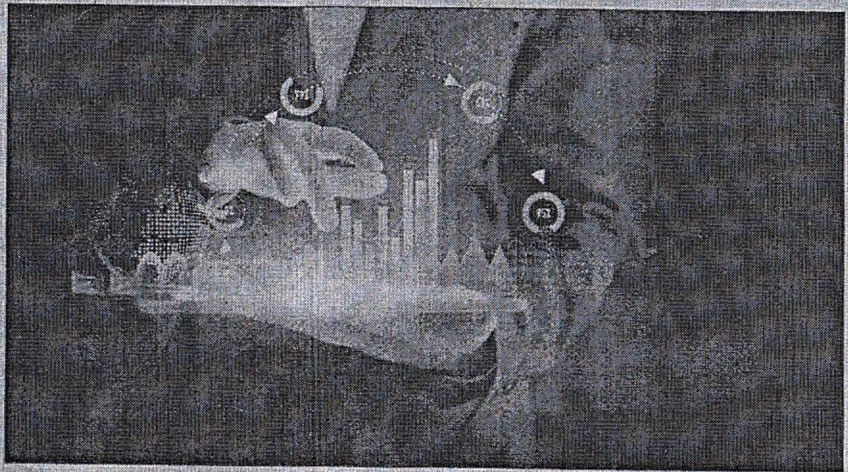
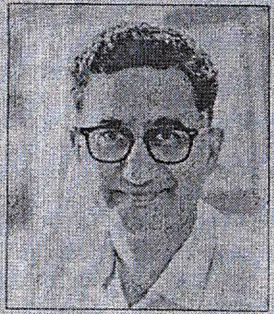
Big data helping serve small loanees

New-age NBFCs are using emerging technologies to expand customer base and provide round-the-clock services and support

SUDHIR CHOWDHARY



Ashwani Rawat, co-founder & director, Transerve



Hemant Vishnoi, co-founder, EnKash

Tanesh Gagnani, executive director, Akasa Finance

NON-BANKING FINANCIAL COMPANIES (NBFCs) have established themselves as a viable alternative to India's mainstream banks, and played a key role in finance being made available to the MSME sector. Technology, of course, has been a core enabler in such financial entities achieving growth and curating customer engagement and satisfaction. NBFCs are focussed on innovation to prepare for a technology-driven future and location intelligence has become one of the drivers of their agenda for growth.

Location intelligence is a vital parameter for NBFCs to analyse data spatially and garner better insights for any potential market discovery, says Ashwani Rawat, co-founder & director, Transerve, a fast-growing location intelligence company that uses geospatial technology to enable digital transformation and effective decision-making.

New-age NBFCs have started harnessing technology and partnership ecosystems across the value chain of lead generation, customer onboarding, credit or loan disbursement and collection. Rawat says, "FinTech companies are making use of emerging technologies to build products and services like last-mile reach and delivery, fraud detection, regulatory compliance, alternative credit models, enterprise automation for accounting, treasury and reconciliation for traditional NBFCs."

Transerve has been able to carve a niche for itself through the services it provides NBFCs. Rawat says that "many new-age NBFCs have collaborated with us to develop products for today's customers. With our support, they are utilising analytics and big data to provide round-the-clock customer service and support."

He cites the example of a leading app-based P2P lending platform utilising big data analytics to assess applicants based on their addresses. "By using a Layer Data Access API which generates a 'Risk' rating on the basis of an applicant's address/home location, this company can classify applicants. For the low-risk applications, the approval process has been simplified, while for the mid- and high-risk categories, additional checks have been introduced. This helps in minimising losses," he reveals.

Data intelligence has hugely impacted the banking and finance sector, being primarily responsible for the unprecedented growth of fintech companies and NBFCs. To meet financial requirements, startups and small businesses often seek the services of NBFCs. But NBFCs cannot serve them without proper risk assessment. In this context, data intelligence has emerged as a highly reliable due diligence tool, says Tanesh Gagnani, executive director, Akasa Finance, a Noida-based NBFC that provides various kinds of loans, like unsecured business & personal loans and loans for utility vehicles, 2&3 wheelers and e-rickshaws.

Hemant Vishnoi, co-founder, EnKash, says that banks and NBFCs traditionally making decisions based on human intelligence is the reason for low penetration of financial services. With limited access to data, critical risk metrics were being overlooked in the traditional underwriting models. However, new-age NBFCs are mitigating risks by using data analytics and data science which can help analyse customer behaviour and build an alternate credit model. "Investing in new-age technologies and data intelligence is helping new-age NBFCs to expand their customer base with low acquisition costs," he adds.