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Presents



## NBFC AWARDS & CONFERENCE 2022



# compendium

**NBFC's**  
**TOMORROW**  
NBFC AWARDS & CONFERENCE 2022

## DNA 2022 - Jury Members



**Dr. M Narendra**  
Former MD & CEO,  
Indian Overseas Bank



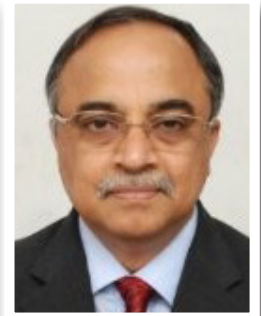
**Ram Rastogi**  
Chairman, Fintech  
Association of Consumer  
Empowerment (FACE)



**Jiji Mammen**  
ED & CEO,  
Sa-Dhan



**Mahesh Thakkar**  
Director General,  
Finance Industry  
Development Council



**Sridhar  
Kalyanasundaram**  
Trainer,  
Mentor & Consultant



**Shoma Narayanan**  
MD & Head - Group  
Strategic Marketing &  
Communications,  
DBS Bank India



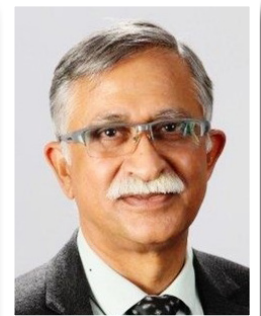
**Chander Mohan  
Minocha**  
CGM - HR,  
Union Bank of India



**Amol Pai**  
CTO,  
State Bank of India



**Sunil Sharma**  
President,  
Chief Actuary & CRO,  
Kotak Mahindra Life  
Insurance



**Pushan Mahapatra**  
Business & Technology  
Transformation Leader

## NBFCs Fast Forward



The NBFC sector has consistently been one of the critical foundations of the inclusive growth of credit in the country. The NBFC sector has consistently been one of the critical foundations for the inclusive growth of credit in the country. The sector, which faced innumerable hurdles in the past three years, has strongly risen back, showing promising NPA figures and strong growth trends backed by regulatory and governmental support and capital inflow. Reforms such as permission to issue cards, capital infusion and permitting co-lending with banks have raised the spirits and business prospects. While appreciating the success factors, the regulator has cautioned the sector to keep a vigil on risk management as well as security and frauds from time to time.

Banking Frontiers created this platform of Distinguished NBFC Awards alongside the NBFCs Tomorrow Conclave at a time when the sector was looking for some encouragement amid rising concerns. The Award aims to recognise the pioneering work done by the sector in encouraging inclusive growth of credit in the country. On this occasion, we bring you this informative compendium sharing brief details of what the stakeholders in the sector have shared with us in their nominations.

We are grateful to team EY - The Process Partners - and the Jury of luminaries, who have jointly made it possible to select the best and present the awards. With innovations being a business necessity, NBFCs have shown strong resilience in bringing forward some thought-provoking innovations, which have set new milestones in areas like Inclusion, Agriculture, People, and much more. However, the impact of rogue fintech lenders, under the disguise of the NBFCs, put some dampeners that need to be eliminated. This compendium is an honest attempt to share with the reader's brief details of those NBFCs who filed their nominations and we believe this will lay a strong foundation for NBFCs to be innovative.

Do share your views with us - bouquets or brickbats - and we are sure this will go a long way in helping us to make the DNA Awards more inspiring for the industry and bring more positivity to the growth of the sector.

'Keep your eyes on the stars and the feet on the ground', said the late US President Theodore Roosevelt. This quote is quite apt for the NBFCs that have caught the flight with strong tailwinds but surely need control over bottlenecks that can break the speed.

Kudos to the winners of The DNA Awards! May the sector prosper more and send more promising and inspiring entries in the future.

Best wishes

A handwritten signature in black ink that reads "Babu Nair".

Babu Nair  
MD and Group Publisher  
Banking Frontiers  
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## NBFC Sector Evolution



The NBFC sector is displaying its mettle through the recovery it has shown from the pandemic. The growth factor in the form of digital adoption is visible across the spectrum of the Indian financial services sector and this has begun to show its effect on NBFCs as well. NBFCs are strategically using technology to lower their cost of operation and improve turnaround time.

NBFCs today are looking at their customer from a more holistic view. They are going beyond providing products such as home loans and vehicle loans to their customers. New types of products such as working capital loans, digital product loans, and other forms of small ticket financing are also picking up. More mature NBFCs are surging ahead by partnering with FinTechs and forming a moat for their customers. These ecosystems are offering innovation and cost benefits to customers by hosting products ranging from lending, insurance, and investments. They are also going the extra mile to help customers to buy retail products. New underwriting techniques are also being adopted to provide these loans to the customer while at the same time managing risk on the books.

NBFCs are leveraging emerging technologies by partnering with FinTechs to provide more services. They are also having a look at their infrastructure and showing signs of technology adoption such as cloud infrastructure, use of public APIs, data analysis for alternative credit scoring as well as handling

onboarding and claims processes for their customers. They are strategically aiming at improving the customer experience which is aided by the fact that NBFCs are closer to their customers, especially when speaking about tier 2 or tier 3 locations and underserved customer segments in India.

There is also a laudable change in the approach towards CSR activities from NBFCs. The CSR activities range from financial inclusion, and women's welfare to initiatives to help marginalized sections enable livelihood. The activities we saw in the awards nominations this year were also focused on providing solutions such as solar rooftops for reusable energy, and e-rickshaws for vulnerable groups. This shift from monetary donations is an indication of their commitment to reaching the truly vulnerable sections of society and bringing about sustainable change.

NBFC's Tomorrow is an annual award function that recognizes NBFC organizations' achievements in different domains and serves as a forum for thought leadership discussion and the presentation of awards. The awards are presented in categories related to brand building, technology adoption, operations, and corporate and human resource initiatives. NBFC's Tomorrow 2022 has received participation from several NBFC organizations of all sizes.

EY has vast experience in bringing together the FinTech and the Industry ecosystem for crafting innovative solutions for the financial inclusion of all segments of society. Acting as Knowledge Partner, the EY team has diligently defined an evaluation matrix for the jury. The evaluation process was done in a virtual setup with the eminent Jury members. This helped us recognize the best innovations from this year's nominations. It is our privilege to work together with eminent Jury members for selecting leading nominations for this prestigious award. Sincere thanks to all the Jury members for taking out time to assess and score the participants.

NBFC's Tomorrow is a great initiative, and we are proud to partner with Banking Frontiers as its Knowledge Partner for the past few years to bring forward the best developments in the financial sector. This compendium will pave the way for capitalizing on financial sector prospects while also recognizing organizations' digital and innovation accomplishments.

**Sushil Zaregaonkar**

*Partner – Financial Advisory Services*

*Digital, FinTech and Innovation Leader, Ernst & Young LLP*

## Anand Rathi

### Best Risk Initiatives

In 2017, Anand Rathi Global Finance launched SME lending for businessmen, traders, proprietors, manufacturers, and professionals. It now operates in Delhi, Bengaluru, Jaipur, Pune, Thane and Jodhpur as well as Mumbai. In the SME business, the loan book is growing steadily to ₹1000 crore. The SME business currently has over 200 employees spread across major locations.

#### Risk Identification:

- ◆ Due to a lack of diversification, high ticket size cases carry a high level of risk.
- ◆ High ticket cases pose a major challenge to collection efficiency in a portfolio.
- ◆ The future repayment ability of big corporations with large borrowings is always uncertain.
- ◆ Due to limited loan account handling with high exposure, there is a limited customer distribution.
- ◆ In response to the covid pandemic, many small businesses were unable to service large loans.

#### Initiatives:

- ◆ There is a shift in focus for lending in the retail segment
- ◆ In FY 2021-22, SME LAP businesses will be offered ₹2 crore as compared to ₹10 crore in FY 2017-18
- ◆ Targeting SMEs instead of HNIs/corporations.
- ◆ Diversifying the portfolio by increasing the number of customers with low ticket sizes.
- ◆ Small and medium-sized businesses contribute significantly to the portfolio.
- ◆ For retail cases, the loan proposal review mechanism has been redesigned.

#### The Outcome:

- ◆ When compared to ₹1.5 crore in FY 2017–18, the average ticket size is expected to be lower in FY 2021-22
- ◆ The collection efficiency has been increased, and the bounce rate has been reduced\
- ◆ Both the percentage of loans that are approved and the time it takes to process them have seen considerable increases
- ◆ Increased in DSA distribution year over year with a total enrollment of 1200+ in FY 2021-22
- ◆ The company achieved a better yield on retail loans than on large loans
- ◆ Furthermore, the company's productivity per employee has increased. Also, recorded higher total enlistment in FY 2021-22
- ◆ During the fiscal 2021-22, the number of employees grew to around 150

## Arthan Finance

### Big Data and AI Model

Arthan Finance aims to assist banks, self-employed entrepreneurs, MSMEs and consumers by providing differentiated models using cutting-edge technologies. Many small businesses have trusted Arthan as their financial partner.

#### Big Data and AI Model Features

- ◆ AI & DL: Automates customer selection framework
- ◆ Assisted & Self Onboarding: delivers seamless customer experience
- ◆ Instant Loan: Template-based approval within minutes
- ◆ Robust Collection & EWS: As result of geo-tagging
- ◆ Cash Flow Analysis: Using customer behaviour tracking
- ◆ Scorecard: Scorecard-based on Arthan Institutional Intelligence
- ◆ Underwriting: Multi-level checks ensure a strong process
- ◆ Local Intelligence: Used for risk rating, loan sanctioning, and EWS

#### Advantages:

**Agility:** It is powered by SAAS and PAAS Architecture API and Micro Services.

**Innovation:** By using a fintech ecosystem, the system empowers the organisation to take data-driven decisions and to manage risks more effectively.

**Security:** The system is robust as it is equipped by identity management regular Third Party VA

**Scalability:** As one of the advantages of this system is that it is completely cloud-based and that the infrastructure is lean and efficient. In terms of TAT, it is one of the most competitive in the industry.

**Cost Efficiency:** The system consists of all the best components to help you save money. As an open source project, it is built on the basis of a lean team. In addition, it is also capable of co-creating with others.

Arthan's mission is to offer tailored financial products for small businesses and enable them to rise above competition through a technology-enabled environment



## Dvara KGFS

### Omnichannel CX Initiative

KGFS2.0 Technology is built on the strategy of 'Plan, Grow, Protect & Diversify' product suite with a focus on risk, productivity, growth and regulatory technology. User interfaces are designed with a specific focus on the experiences of customers, employees, and partners in mind. Along with improving operational efficiency, effectiveness and market growth, KGFS 2.0 Tech & Data Science Platform aims to drive Customer Centricity.

The platform is built on the following key pillars:

**Lower transaction costs** - Utilize AEPS and UPI transactions to make customers digitally ready. Digital access points could facilitate transactions, improving customer convenience.

**Increase profitability** - Enhance customer quality through data science initiatives such as credit scoring, psychometric assessments, cashflow assessments, fraud pattern detection, etc.

**Enhance customer lifetime value** - Assess customer financial well-being and recommend appropriate products using AI / ML. Customer Stickiness is increased through Whatsapp engagement & Customer Self-Service App.

**Reduce risk** - Geo-tagging, mobile verification, and portfolio monitoring tools with automated alerts contribute to reducing credit & operational risk.

**Higher productivity** - Integrated task management & automation with Vendor App, Rent App, Gamma Helpdesk, IT Helpdesk across various functions. Using eSign technologies, eliminate paper documents.

**Improved top-line** - Agent networks can operate alongside branch teams using the platform. Last mile transactions are handled by the agents, while customer relationships and credit functions are handled by the branch team.

Customer sourcing is also made easier, through WhatsApp marketing, customer self-service apps, data mining based on customer transactions, data mining based on CB reports (including rejections) and retention management tools. Additionally, the platform allows Dvara KGFS to offer a wide variety of third-party products and services, allowing it to become a full stack rural finance provider





## Finway Capital

### A brand-building campaign

The Finway Financial Services is one of the fastest growing fintech companies in India specializing in loans and financial investments. The goal of our company is to make financial decisions as easy, convenient and transparent as possible for customers. In the last few years, Finway has served more than 21000 satisfied customers across a wide range of services. It is estimated that the company has been able to disburse 200 crores worth of loans annually, has over 1000 partners, and offers over 20 products.

#### **The initiative: FLAP (Finway Loan Assist for Partners)**

Finway has attracted 5000 successful entrepreneurs in a very short span of time. Women can get loans via Finway, thanks to FLAP, by making the financial sector more accessible to women. Finway's PR partner, TYC Communications, began by promoting industry stories, articles, expert opinions, press releases and profiles. The PR plan also included panel discussions, awards participation and media coverage of the app's features.

As part of the service, TYC Communications also manage Finway's promoter Rachit Chawla's social media profiles from ground zero, earning him thousands of organic followers on Facebook and Twitter today.

#### **The Result**

The PR campaign for Finway has resulted in more than 80 publications featuring Mr Rachit Chawla and Finway FSC on a pan-India basis. Over 700 media stories have been written about Finway and Mr Chawla. Several major financial publications have published his op-ed. Furthermore, Mr Chawla has been invited by NewsX, Zee Business, ABP News, India News, and others to participate in high-profile panel discussions.

He has appeared in over 102 interviews, 52 profiles, ten speaking opportunities, and eleven awards.



## Fullerton India

### Best Leadership Development Initiative

Financial products offered by Fullerton India cater to the varying needs of salaried and self-employed individuals. Almost 58,000 villages and 600 towns are covered by the company's 628 branches. Financial access is provided to underserved and unserved segments. As a result, people have access to formal credit.

#### The initiative

The three "E" model (Experience, Exposure & Education) has been adopted by Fullerton India Credit Company Limited for career development of its employees. Junior management is identified through an assessment center-based process, and middle and senior management is identified through a 9-box categorization method.

The FICC Employee Capability Development Program addresses the scarcity of top talent while also serving as a retention tool. Capability Development is well-designed in line with HR practices, and it has been made integral to the organisation's DNA. This aids the company in:

- ◆ Developing a culture of continuous learning
- ◆ Providing market-ready skills to enable agility
- ◆ Streamlining recruitment processes and reducing costs
- ◆ Ensuring employee engagement

L&D policies are closely linked with HR policies and top leader vision, as these programs are constructed very differently; our success has only been achieved through collaboration among HR, L&D, and business leaders. Leadership and HRBP inculcate a culture of learning through their conviction, commitment, and confidence in the LD model. Diverse issues, succession planning, and future talent needs are covered in HR leadership training. In Fullerton India, the Leadership and Development Strategy defines the leadership curricula - both internally curated and externally offered.

Management positions and corresponding L&D interventions across all roles have been clearly defined based on the following factors:

- ◆ Training needs identified - leadership needs as well as functional leadership needs
- ◆ Succession planning - fulfilling the leadership pipeline and
- ◆ Future Talent - developing the next generation of talent

#### The outcome:

Training Policy Manuals describe the process of identifying training needs, creating content, delivering programs, and evaluating them. Designed to enhance competency and ability, our interventions strengthen and empower employees to perform expected tasks, aligning the needs to business requirements. Employees are also trained in core skill programs, upscaling their knowledge of industry best practices.

Since the above initiatives have been put in place,

- ◆ Fullerton India's top management has grown internally,
- ◆ 90% of senior management vacancies have been filled internally,
- ◆ 75% of middle management openings have been filled internally, and
- ◆ 80% of next-in-line leaders have been developed internally.



## HDB Financial Services

### Transport Aarogyam Kendra

As a part of its CSR initiative, HDB Financial Services (HDBFS) introduced 'Transport Aarogyam Kendra', a physiotherapy program offered at no cost to truck drivers.

A truck driver's strenuous work environment leads to repetitive neck and back twisting, long sitting postures, inadequate rest and poor eating habits. HDB's Transport Aarogyam Kendras provide preventive and curative care.

#### Goals of the Initiative

Providing better physical health conditions for truck drivers in India is HDB's primary objective with Transport Aarogyam Kendra. In order to accomplish this, the program will:

- ◆ Identify preventable musculoskeletal diseases early
- ◆ To provide therapeutic and counselling services in transport nagars
- ◆ Promote healthy eating habits and postures for long-haul truckers

With this initiative, HDB aims to impact the lives of at least 25000 truckers annually.

#### The Result

In India, HDB's Transport Aarogyam Kendra is the first full-time physiotherapy program for truck drivers. The program benefits are delivered in 2 formats to ensure they reach as many truckers as possible:

- ◆ Mobile Camp Model
- ◆ Static Clinic Model

As a result of the positive feedback received during the pilot phase, i.e. the first six months of the Mobile Camp Model, the Static Clinic was established. The Mobile Camp is a short-term physiotherapy camp that is organized in transport hubs to promote preventive care.

Static Clinics provide preventive and therapeutic physiocare at Kendras in transport hubs.

After launching its first Kendra around World Physiotherapy Day in 2021, HDB Financial Services opened Kendras in Namakkal, Tamil Nadu and Kalamboli, Maharashtra. To reach out to the maximum number of truck drivers, the locations are strategically selected in and around major transport hubs.

## KreditBee

### Best Mobile App Initiative

With KreditBee, one can get a personal loan instantly whether you are a self-employed or salaried person. KreditBee hosts multiple NBFCs who have licences from the Reserve Bank of India. These include KrazyBee Services and other platform partners.

KreditBee was founded to provide easy credit to young professionals in India. Urban young adults make up a large percentage of the Indian demography. Personal finance is sadly underserved in an ecosystem of such size. By encouraging responsible spending behavior among individuals, technology-based credit evaluation can benefit this demographic segment significantly.

#### **The Result:**

In India, KreditBee is one of the fastest growing digital lenders. It has disbursed a total of \$2.5 billion in loans. In terms of average monthly loans, the figure is 1 million. As for client base, it is estimated that there are 50 million customers across India.

KreditBee is rated as India's No 1 digital lending app with a 4.5 out of 5 star rating. In addition, there are approximately 2.3 million new customers added every month on average.



## Light Microfinance

### Best Talent, Diversity & Culture Initiative

With a focus on poor women, Light Microfinance offers micro and meso finance products and services in rural and peri-urban areas. Traditionally, microfinance has been handled by men due to its sales and collection nature. Furthermore, home visits are unsafe for women. Women's participation in microfinance is almost nonexistent at the branch and ground level. In spite of women being the main clients, the tradition continues.

Although Light Microfinance has seen talented women doing a commendable job, it continues to employ men as loan and credit officers. In an effort to bring in diversity, the company has introduced a female Branch Operations Manager (BOM) in every branch where a talented woman can be found.

#### Purpose of the initiative

- ◆ Offering women field opportunities in the microfinance industry and assisting them in breaking through the glass ceiling.
- ◆ Appointing women as credit officers who visit households for approval of loans as the first organisation in the Indian NBFC-MFI sector to do so.
- ◆ Attaining gender diversity at all levels. Light Microfinance employs 40% women at its head office.
- ◆ Encouraging customers by showcasing the impact empowerment has on women's lives.

#### The Outcome

In the NBFC-MFI space, Light Microfinance has always set trends. The company changed its HR policy in 2018 to give women a shot at achieving success in a mostly male sector. A special drive was conducted in 2021 to recruit female BOMs. Women were recruited as BOMs by 25% of branches during this recruitment drive. Currently, Light Microfinance employs at least one woman in 40% of our branches. It has yielded overwhelming results. Branches are experiencing tremendous growth and female customers feel comfortable visiting without any male help.

As a result, branches have improved their hygiene, etiquette, and protocols. Light Microfinance is proud to have made a small contribution to making the micro-finance sector more women-friendly.



## Prest Loans

### Best Talent, Diversity and Culture Initiative

The 'W' Factor, is an initiative by Prest Loans for women employees' safety, growth and support. It offers the following benefits to women employees:

**Menstruation Health:** Apart from the usual leave structure, the company provides a day off to women employees during their menstruation cycle. To meet the emergency needs of women employees, each branch has a supply of medications and sanitary napkins.

**Flexi Timing:** Women juggle home and work responsibilities. To support the same, the company provides flexible timing and work-from-home options for women staff who need to attend to urgent or important work at home.

**Maternity Leave:** Prest Loans follows the maternity leave benefits policy as per the government policies. In case of any extension of maternity leave is requested by a woman employee, the same is provided without any hassle. During medical leave, women employees get medical benefits as per their employment entitlement.

**Late Hours Safety:** Prest Loans has a policy of providing GPS-tracked cab service to all female employees who are required to work after 8pm on certain occasions. The department head /reporting manager stays in touch till the employee reaches home safely.

## Satya MicroCapital

### Best API Initiative

Digital Client Onboarding API @ SATYA was launched in FY 2021-2022. The API plays a catalytic role in the process of client onboarding, an indispensable function of the operations department. It is used in matching /scanning the name of the customer, facial details of the borrower and co-borrower, syncing, matching of Aadhaar number, masking of borrower's and co-borrower's Aadhar card, verification of voter ID, Aadhar and Pan card. The effective integration of API has further made the MFI adopt and implement a complete paperless approach in its Operational SOPs. This initiative was applied for SATYA E-connect and SATYA Insurance products. The new capabilities achieved by the API initiative are data security, client/document KYC, and data integration.

Security enhancements embedded in this solution are: Encrypted data transmission, Aadhar number masking, cloud security

#### Quantified benefits to the NBFC

1. Seamless adoption of paperless operations 2. Enhanced high level data security 3. Reduced prospects of fraud & cyber risk 4. Better user experience 5. Accelerated integration processes 6. Wider distribution coverage 7. Effectively fast result & TAT 8. Hassle free & simplified SOP implementation 9. Real-time access of data 10. Transparent feedback led to customization of services 11. Automated system.

## Satya MicroCapital

### Best Leadership Development Initiative

SAFAL SUTRA, an in-house employee capacity building and leadership development program introduced by Satya MicroCapital, aims at identifying the best human capital within the organization. The object of SAFAL SUTRA is also to provide the qualifying employees the much-needed skillsets to excel in their current roles and instill leadership skills in the employees working on the frontline.

The human capital department of Satya MicroCapital selects a batch of top-performing Entrepreneurship Development Officers (EDOs) through group discussion and personal interviews based on exemplary performance. Employees selected for this program receive 2 days of classroom training and one week of on-the-job training. It promotes learning through group activities, team building exercises, case studies, group presentations, problem-solving activities, project management, and other activities, and it enables leaders to realize their true purpose and goals by instilling concepts of emotional and spiritual intelligence.

Since FY 2021-22, 139 senior EDOs have been shortlisted for this program, with 114 of them successfully promoted as branch leaders and now serving the organization as proficient leaders.



## Satya MicroCapital

### Best Mobile App Initiative

Satya e-Connect Application, launched in 2020, is an in-house application used by the frontline employees of the company. The app uses the latest version of Android SDK for avoiding deprecations and supporting application installation-usage in maximum number of devices.

Approximately, 2000 employees are using this application as of 31 March 2022. Several trials of Vulnerability Assessment & Penetration Testing (VAPT) were successfully performed during this period. This focused on identifying vulnerabilities in the network, server and system infrastructure. Vulnerability Assessment stressed on internal organizational security, while Penetration Testing analyzed external real-world risks. Secure Sockets Layer (SSL) was implemented for keeping the internet connection secure and safeguarding all sorts of sensitive data which was transmitted across systems. This was done for enhanced encryption and prevented cyber criminals from reading and modifying any information transferred, including potential personal details. A dedicated team was deployed to keep the servers up to date.

Password encryption was done to scramble the respective passwords which made it unreadable and/or unusable by hackers. This step safeguarded the password and offered more protection. Integration of permission requests was made for using device hardware and locations. Data backup was also kept in cloud storage for mitigating all chances of data loss.

Users can only view the documents. Taking screenshots, downloading and/or saving any documents is strictly prohibited.

#### Enhancements in functionality

Functionality to get e-sign from both borrower and co-borrower; Execution of video KYC; Ability to match and scan customer face in Video KYC; PDV functionality; Verification for Voter card/Aadhar card validation; Ability to capture e-sign by two different modes - mobile OTP, biometrics; UI enhancement and informative dashboard; Utility of matching the respective customer's name and Aadhar card number with the application.

## Satya MicroCapital

### Best Women Customer Engagement

HOSPICASH Claim facilitates financial support to the insured person against unpredictable life occurrences or provides protection from monetary repercussions related to emergencies like hospitalization and accidental death. Women customers are informed about the initiative during the centre meetings. HOSPICASH is an add-on facility, which is extended to women customers and their co-borrowers when they avail of micro-credit offerings provided by the MFI. The entire module of the implementation is quick, hassle-free, paperless and equipped with technological interventions.

About 900,000 women customers, in the 18-63 age group, have been engaged through this initiative. Around 100,000 women, including housewives, daily wage workers, agricultural labourers, factory workers, vendors, self-employed, salaried, and those engaged in fisheries, tailoring and other services - living across 21 states of the country have availed of this facility by receiving the claim amount. Popular products among women customers are HOSPICASH, Accidental Death and Covid Insurance.

The objective of HOSPICASH is designed for safeguarding the beneficiary from unforeseen exigencies which involve medical intervention and care.

## Seeds Fincap

### Best Collection Initiative

Seeds is using borrower bank account for disbursement and different NACH and banking apps such as Easypay, Paytm, Oayphone, Freecharge, RuPay, Buddy for the purpose of collections. Through this practice, the company is able to mitigate operational risks and enhance efficiency.

#### Pre-collection activity

**SMS:** The clients are informed about balance maintenance through SMS twice at the beginning of every month.

**Tele-calling from head office:** Company has a separate tele-calling department which ensures that reminder calls for balance maintenance are made to clients whose repayments are due for the month.

**In-person meeting:** Company has a specific client rating framework in place to grade the clients based on their repayment track record. In-person visits are mandatory by the sales officers/ branch manager/ branch credit manager/ AM-collections for the clients under D-grading.

#### Mode of collection

**NACH:** Company initiates NACH registration at the time of disbursement and EMI gets auto deducted from client's SEEDS account on due date.

**UPI:** Till the time NACH is not activated collection is initiated through UPI. Each customer has been assigned a separate QR code for this.

**Customer App:** Customers can also pay their EMIs through the customer app provided the company.

**Direct payment to company account:** On request of customers, provision has been made for direct payment to company's account.



## Seeds Fincap

### Best Risk Management System

The Seeds risk management framework enables the company's top management to determine which, when, where, and how much risk to accept in order to strengthen the bottom line. The company has a strong data capture system in place, allowing it to make timely and prudent decisions in day-to-day operations.

Client onboarding is done digitally, and borrower selection is accomplished through the application of a proper logic-driven credit policy and the delegation of rules to specify responsibility for making an informed credit decision. To reduce errors, the entire system is end-to-end integrated and automated.

While lending is Seeds' primary activity, the focus is to help the underserved, unserved entrepreneurs living across the country with special emphasis on people living in Tier II, III & IV cities.

#### Unique features of SEED's risk management system

**Digitized Client Onboarding:** End-to-end automation of processes to limit manual intervention. Standard operating procedures are defined for all processes.

**Appraisal:** Policies and deviations are standardized by Automated CAM to prevent manual errors and ensure quality/shorter TATs. Data pulling from source through APIs mitigating fraud.

**FI Verification and credit appraisal:** Personal visits by employees on fields. Geo-tagging of customer location End-to-end automation of FI and credit appraisal initiation and completion.

**LUC Checks:** An independent team to keep continuous touch with the client by visiting them on regular basis. Partnerships with multiple FCU agencies and Hunter in Future.

**Early warning systems:** Atomized dashboard for early warning system.

**Asset Liability Management:** Liquidity equivalent to 3 months of repayment and expenses.



## NABKISAN

### Best CSR Initiative

NABKISAN's CSR supports socially important projects across the country aiming to promote inclusive and sustainable economic growth and productive employment.

Reviving livelihood of the Primitive Tribes: 'Sabar' is a recognized Particularly Vulnerable Tribal Group, or PVTG, in Saraikela-Kharsawan in Jharkhand. The members of the group uses bamboo, palm leaves and Kansi grass for years and they could not reach the CFC/ Handicraft Training Center in Ketunga. Electricity shortages also affected various operations.

NABKISAN's CSR donated ₹10.73 lakh to Ambalika NGO for a solar PV system and e-rickshaws. Roofing solar panels helped the tribal artists operate at night and use idle machines. Solar power also helped Ketunga's crops.

The tribal members use 3 CSR-funded e-rickshaws to transport raw materials and finished commodities to the CHC. These e-rickshaws also assisted tribesmen to get food, healthcare, education and work.

**Enabling livelihood solutions:** BAKDIL, a 'not-for-profit' voluntary agency, has set up a 'Farm Based Livelihood Education & Learning School' in East Garo Hills district of Meghalaya to educate people about the environmental impact of existing farm practices and to provide sustainable livelihood alternatives to the tribals. The school educates farmers and helps them increase their capacity, puts up model horticulture, micro dairy, poultry, and piggery rearing units and helps farmers' collectives and cooperatives. NABKISAN's CSR gave ₹21 lakh to the school. The funds were used to buy 10 cows for the center's dairy, erect a wire-mesh surrounding wall and buy packaging furniture and machinery.

**Support towards Water Conservation & Livelihood:** Talyachapada village in Palghar in Maharashtra grows vegetables. Due to water shortage, farmers could cultivate only one crop and they had to either relocate or rely on Rojgar Hami Yojana. Savali Charitable Trust focuses on tribal health, education and water management. NABKISAN's CSR gave Savali Charitable Trust ₹24.5 lakh in 2021-22 to improve water supply and stabilize tribal farmers' farm revenues. Savali Charitable Trust created a water transportation system using the funds and helped vegetable and jasmine farmers.

**Empowering the underprivileged:** Thar desert and Aravali hills in Rajasthan have tribal families who find it difficult to offer nutritious food the children. RBKS is an NGO that helps disadvantaged people in these villages. It runs 16 hostels for poor, orphaned, indigenous and vulnerable girls and boys. NABKISAN donated ₹10 lakh for the education, housing, boarding, uniform, medical facility, footwear, educational materials and study tours for 120 poor girls, who are inmates of the hostels.



## NABKISAN

### Best Financial Inclusion Initiative

In view of the fact that some 86% of farmers in the country are small and marginal and they resort to distress sales because of lack storage and processing infrastructure, there are efforts by some stakeholders of the rural eco-system to promote Farmers' Producers' Organizations, or FPOs, which have helped provide better bargaining power and scale. FPOs also help farmers in getting better access to storage, processing, technology, inputs, finance, and markets. However, over 80% of FPOs are at a nascent stage. These institutions have a difficult time obtaining credit.

NABKISAN has taken the initiative to link FPOs to mainstream financial institutions, even at their nascent stage, helping them provide a bouquet of services to their members.

#### The Outcome

- ◆ Credit linkage to more than 1600 FPOs supporting approximately 727,000 farmers and ranchers
- ◆ The loan is secured by a credit guarantee, allowing you to borrow money without any collateral
- ◆ Provision of credit to those FPOs, despite negative reserves and positive net worth
- ◆ Small and marginal farmers are mainly represented in FPOs which provide finance to their members. Their average landholding is less than 2 acres.
- ◆ In tribal areas, there is a facility that provides credit to FPOs
- ◆ Women's FPOs have access to a credit facility
- ◆ Providing credit to FPOs whose members had previously been unable to obtain credit from other financial institutions



## NABKISAN

### Best Group Synergy Initiative

NABKISAN is a NBFC registered under Agri Infrastructure Fund (AIF) and its scheme subventions 3% of post-harvest loans for FPOs. The AIF has approved 46 loans totaling ₹5.54 crore. NABKISAN is the top AIF lender to FPOs. It runs the Odisha Credit Guarantee Fund Scheme for FPOs. In Tamil Nadu, NABKISAN is developing 3 innovative programs - credit guarantees, revolving funds, and mezzanine capital. The Tamil Nadu government has allocated ₹26,600 lakh for these 3 NABKISAN administered schemes. NABKISAN has helped 290 FPOs access these 3 initiatives.

NABKISAN sponsored 500 NABARD-promoted FPOs, helping these FPOs sustain their activities, improve their capability and establish marketing links by routing NABARD grants. NABSanrakshan Trustee Company is a government and NABARD venture. It guarantees loans to FPOs for agricultural initiatives. NABSanrakshan has backed 375 NABKISAN-financed FPOs.

Rabo Foundation, which is based in the Netherlands, has extended credit guarantee coverage to matured FPOs under an agreement with NABKISAN. Under this guarantee program, NABKISAN can cover matured FPO loans worth ₹28.57 crore. The NBFC has been identified as Nerl's Repository Participant - Pledgee. In 3 states, NABKISAN has extended pledge loans to 3 different FPOs. FPOs can store agricultural produce in godowns for up to 6 months with the Pledge Loan against eNWR. By doing so, FPCs will be able to sell their produce at favorable prices. In this way, the lender reduces the credit risk by securing the loan with the pledged stocks that are stored in these warehouses.

SEBI has designated NABKISAN as a Commodity Derivative Trainer. The company conducted Commodities Derivative Awareness Programs in Andhra Pradesh, Maharashtra, Gujarat, Odisha, Tamil Nadu, and Rajasthan.



## Neogrowth Credit

### Best Big Data / AI / ML Initiative

Neogrowth Credit has developed in-house HireSmart, an analytics tool, which takes key parameters from the CV of a candidate and predicts the performance and longevity of the profile with the organization, helping the hiring team to screen out an improper fit.

#### The Goal:

- ◆ Lower opex ratio, increase sales productivity
- ◆ Help the hiring teams and sales managers identify right candidates for the job
- ◆ Improve the efficiency of the hiring process
- ◆ Drop or stabilize rate of employee exits

#### Approach:

Two separate machine learning scorecards have been built

- ◆ By looking at Non-Starters i.e., frontline sales executives who left in 6 months
- ◆ By looking at the productivity of frontline sales executives who stay for 6 months

The final model is an ensemble making use of both scorecards. It gives out 4 bands to rank the profiles: Champ, Indulge, Drive and Caution ranking from Best to Worst

#### Expected Outcome:

- ◆ An easy-to-use tool to simplify and make hiring at the field level more efficient
- ◆ Improved candidate assessment
- ◆ Reduce Early Attrition by 20%
- ◆ Reduce Early Low Productivity of the dedicated channel sales force by 25%
- ◆ Data-backed decision making

#### Explainable ML Model

There are 2 separate scorecards built to identify Customer Acquisition Managers with low productivity and early exit. It provides clear and understandable explanations of the reasoning that led to the predicted outcome and the model is continuously monitored & updated as and when more data is collected.



## PNB Housing Finance

### CSR Initiative

In the face of the pandemic, PNB Housing Finance channeled its collective energy into strengthening healthcare infrastructure.

#### COVID Relief:

- ◆ Set up a 50-bed ICU facility in Palwal, Haryana, and a 20-bed ICU facility in Raipur, Chhattisgarh for government hospitals.
- ◆ Installed an oxygen plant based on PSA technology at a government hospital in Bhopal, MP
- ◆ Delivered emergency pre-hospital medical care to 150+ underprivileged people in Agra and Delhi NCR utilizing 1 ambulance per city
- ◆ Donated oxygen concentrators to help communities
- ◆ Contributed to the PM Relief Fund

#### Healthcare Initiatives:

- ◆ Provided modern healthcare equipment and improved civil infrastructure to 5 Primary Healthcare Centers (PHCs)/Community Health Centers (CHCs) in semi-urban locations near Chennai, Udaipur, Hyderabad, Ahmedabad and Noida.
- ◆ The NIEPMD, Chennai received 3D printing and 3D scanning devices for prosthetics and related areas, which will improve the quality of life for about 200 people with disabilities.
- ◆ Provided automated blood testing devices to the Hyderabad blood bank in partnership with Give India for children with Thalassemia. The center will support approx.. a total of 3000 children from poor backgrounds who suffer from Thalassemia each year.
- ◆ Established a world-class hearing service facility in Hyderabad, in partnership with Give India, for approximately 1000 underprivileged people suffering from hearing impairment and their associated problems.

Distributed smokeless chulhas to 1000 rural households in Delhi and NCR.

## Tata Motors Finance

### Risk Assessment Model (RAM)

The Risk Assessment Model is an analytics-based model which evaluates MSME borrowers operating in transportation business across various risk parameters and gives instantaneous credit recommendation on their loan proposals.

RAM is an intelligent scoring mechanism that evaluates the commercial vehicle borrower profile based on a variety of risk parameters. Risk modelling assists in identifying, analyzing, and mitigating risks, as well as providing a comprehensive view of the borrower. While many scorecards are available to evaluate a retail loan proposal from an individual borrower for small loan amounts, this is a unique system that evaluates large ticket-sized loans (up to ₹50 crore) including corporate borrowers engaged in CV business.

The use of RAM started a few years back when there was no structured framework available to assess the borrower riskiness. The initial model was a judgmental model where risk was categorized into 7 types of broader risk. Under each broad category, 3-5 sub parameters were identified and used to capture the parametric value. With the help of judgmental weightage, the sub-score was assessed, and the overall score was derived. This model proved to be very successful in assisting the credit committee and other decision makers in making appropriate decisions. The RAM Score was also used to price the borrower's right IRR based on the borrower's riskiness.

The data was saved for each borrower at the back end, and once there was enough data, it was used to create a statistical model that was more scientific in nature and reduced human biases in assigning the appropriate weightage to the values of the parameters. The weightages are assigned based on the portfolio's actual historical performance as measured by various statistical tools.

The RAM platform has been built and maintained in-house. The database management and logical rule writing are managed on Oracle software. The statistical analysis is done on SAS software through suitable regression and other AI models.

The current updated statistical model is generating more scientific results for credit committee and senior management to take right credit decision.

## U GRO Capital

### Best Big Data / AI/ ML Initiative

The model allows for the generation of a large number of insightful features and the selection of the most predictive ones by an algorithm. In normal ways, it is impossible to calculate manually in a short period of time.

#### Advantages:

- ◆ **Historical aggregation:** Several pages of statements dating back a year can be quickly summarized
- ◆ **Normalization:** Convert absolute values to scale for a more accurate comparison - Trending: Changes over time, resulting in standardized measures of comparison across diverse entities, sectors, and geographies.
- ◆ **Machine learning algorithms:** Assist in converting a large volume of data into a yes/no decision.
- ◆ **Validate first:** Models are tested/back-tested before being incorporated into an organization's policy.
- ◆ **Shorter learning cycle:** Recalibrate in months rather than years.

The process generates 25,000+ data features from an applicant's bureau record and bank statement. Scorecards are created using a well-defined statistical procedure and must pass diagnostic tests before being deployed. The model is objectively evaluated before use.

Parameter shortlisting and scorecard weightage are determined statistically with no manual adjustment. It is validated on independent time frame.

All scorecards record risk-rank satisfactorily with 50+ GINI combining 2 critical elements of underwriting into 1 holistic model: 2 separate scorecards (credit bureau-based and banking-based) combined to form Gro Score 2.0 risk segments, representing a data-driven and automated version of underwriting.



## Ambit Finvest

### Fraud Control Initiative

Ambit Finvest focuses on the SME finance (retail lending) business with a loan book of ₹98 crore. Its SME AUM has grown to ₹1361 crore out of ₹1459 crore as of 31 March 2022. While its previous process of loan sanctioning involved checking 100% of files, it is now being done without any emphasis on the files. Documents are picked up per file without any control over the process. Earlier, there was no checking of valuations, title reports, property and documents.

#### The Initiative

Ambit Finvest has redesigned its process from a paper-based method to a digital RCU sampling-scan process based on images. An UV scanner is an essential piece of equipment and the process is done on a product-by-product basis. For RCU verification across locations, tie-ups have been made with RCU vendors. Credit Bureaus played an important role in this initiative as well.

Besides appointing location-specific alternative vendors, Ambit Finvest now plans to deploy Machine Learning, Social Scoring, Legal Dedup and other digital services. For the purpose of detecting fraud in this initiative, Hunter application is used. In addition, a POC is being planned with another tool that detects fraud.

## Ambit Finvest

### Collection Initiative

Ambit Finvest has embarked on an effective collection mechanism. It involves:

#### **A robust monitoring mechanism**

- ◆ There is a strong mechanism for evaluating the portfolio of products and sites on a regular basis and initiating action at the appropriate time.
- ◆ Proactive Early Warning Signal system
- ◆ Continual post-disbursement fraud checks through seeding, mystery shopping, etc.
- ◆ Customers' creditworthiness is checked quarterly with a credit bureau

#### **Strong Focus on Collection**

- ◆ Integrated sales and collection teams - high traceability and efficiency
- ◆ Fast decision-making / action due to strong chain of command
- ◆ Follow-up and review of collections at a high frequency  
Compared to peers, collection efficiency is 300-400 bps higher

#### **The Outcome**

The initiative led to a cautious approach in disbursements and a strong focus on collections as well. The company has prioritized the raising of equity capital, as well as diversifying the channels of debt raising. It received an overwhelming response to its Market Linked Debentures.

The company has implemented a strong growth strategy and has secured a significant amount of growth capital as a result. It has expanded its branch network in key markets of tier-2 and tier-3 and rural areas over the past 20 months, growing from 20 to 50 branches. A quality portfolio has been cherry picked from other NBFCs through Direct Assignment (DA). Plus, a risk-sharing mechanism was implemented during pandemic with the onboarding of 10+ digital partners (fintechs/NBFCs). By better targeting micro-markets and by launching Parivahan loans, the company expanded its product offerings and gained market share.

## Indian School Finance

### Best Application Initiative

Founded in 2005, Indian School Finance Company (ISFC) is India's first sector specific NBFC serving the K12 education and skill development market. Budget private schools can use the company's finance solutions for infrastructure development, working capital and digital upgrades. Since inception, the company has expanded to 22 branches across 13 Indian states and serves 150+ schools.

#### Applications:

##### 1. TUTO (Digital Fee Financing Platform)

There is no fee financing offered to parents, despite their profession (salaried or self-employed). TUTO is a streamlined STP process that does not require human intervention for underwriting, operations and decisioning. It gives parents 0% interest rates on alternate data, credit history and banking. Customizations can be made at runtime and the platform is completely agile. Using a digital first strategy, complete digital onboarding of schools is possible with a smart ERP module and a user-friendly application. The application includes capabilities for generating and sanctioning digital agreements.

##### 2. SLM (School Loan Management)

Growth and expansion of educational institutions are not adequately funded. SLM is a tool to provide funding in the education sector. Onboarding is robust and underwriting and operations are curated. It is a comprehensive loan management solution, using an automated decisioning system.



## PNB Housing Finance

### Best Fraud Control Initiative

PNB Housing Finance is strengthening its underwriting framework through advanced analytics and modelling as part of its strategy to strengthen the core. It further improves underwriting decisions by embedding artificial intelligence-based machine learning applications.

#### The Objective

An organization's reputation and legal standing can be severely damaged by fraud and misconduct. Several digital initiatives implemented by PNB Housing Finance are performing well and helping to arrest market fraud. By implementing stricter document screening norms, it has mitigated adverse risks and related scenarios.

PNB Housing Finance was able to prevent 166 fraudulent customer entries by using digital tools and Hunter & Highmark's fusion report. In FY22, 516 instances were identified using the digital tools, resulting in a notional savings of ₹271.52 crore with a cost of ₹0.57 crore.

#### The initiative:

The tools used by the FCU team and their impact:

- ◆ Hunter - As a result of the anti-fraud software, the sampling process has been enhanced and frauds have been caught
- ◆ Extensive and comprehensive legal checks
- ◆ Online employment confirmation checks
- ◆ Peer contacts

Using these tools has greatly reduced verification costs, improved turnaround times, and maintained healthy sampling percentages. Underwriting and risk exploration were made possible through these activities, which would not have been possible without them.

#### The outcome

In the wake of the pandemic, the approach to financial lending changed dramatically. Despite the challenges of document and profile screening, the FCU team readily accepted the change and challenge. For FY 2020-21, the team consistently delivered a hit-rate of 3.38% at a sampling percentage of 60%. Based on empirical trends of portfolio quality, branches have been empowered with fraud control units. By strengthening the internal desktop search process, the organization is avoiding high-value cases with adverse results.

During FY 2020-21, 1476 cases were identified and declined, saving notionally ₹853 crore. In the last financial year, 1716 cases were declined, resulting in a savings of ₹934 crore.



## PNB Housing Finance

### Algo, a Business Rule Management Engine

In the existing system operating model, business policies are either hard coded in the core application or dependent on underwriters to adhere. A variety of rules need to be executed and validations need to be performed throughout the entire workflow. Decisions are mostly manual in the existing model.

PNB Housing Finance plans to automate existing manual processes. There are many ways in which Business Rule Engines can benefit businesses. They allow the rules and logic of business/applications to be changed on-the-fly without having to recompile or edit the application code. Business teams can configure, modify and manage business rules and policies using the intuitive and easy management interface. As a result, business agility and time to market are accelerated.

#### **The Objective:**

The initiative aims at improving the customer experience by crunching the decision-making time and variability of decisions and control points. In the longer run, it paves the way for enabling a digitized STP of home loan applications. Algo also facilitates automated credit rules for easy underwriting and digitally manages credit guidelines.

#### **Outcome:**

- ◆ Credit policy has been digitized and contains several hundred rules
- ◆ Configured sanction conditions, knockout conditions and deviations with appropriate approval workflows
- ◆ Enhance customer onboarding by reducing decision-making time
- ◆ FICO Rule engine has been leveraged, along with technology partners and consultants





## Vivifi India Finance

### Har Ghar Mein FlexPay

Financially stressed, credit starved, underserved and unserved user groups had to be underwritten despite obvious signs they were outside the formal credit system. By devising algorithms, it was possible to consider all possible reasons for extending a small loan to an individual rather than seeking reasons to deny the application. By establishing the composite score, it was possible to determine how much recurring income the borrower had and how likely they would be able to repay. As a result, Vivifi India wrote loans to customers typically deemed 'high risk' and educated them about credit growth.

A significant factor in onboarding new customers is to make the process least cumbersome and make the customer take care of all the steps themselves. MITC (most relevant terms & conditions) and customer responsibilities are explained in great detail in the 2-way video KYC process in the digital on-boarding process.

#### The Initiative

FlexPay is India's only form-free onboarding platform for online and offline purchases and needs. It provides credit card-like facilities as well as EMI-free solutions for offline and online purchases. The platform also relies on video, voice, and images to be India's first in the industry.

#### The Outcome

Currently, FlexPay serves over 280,000 salaried / self-employed individuals who are looking for short or medium-term credit. It provides credit to individuals who have no other credit options, either due to their employment, income, credit score, social profile, location, literacy, or many other factors. It can be used from anywhere in India as a digital credit card for consumers without credit cards and with incomes as low as ₹8,000 per month.







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