



Lending Tech: The Paradigm Challengers

Panel discussion

19th December 2025

Key takeaways

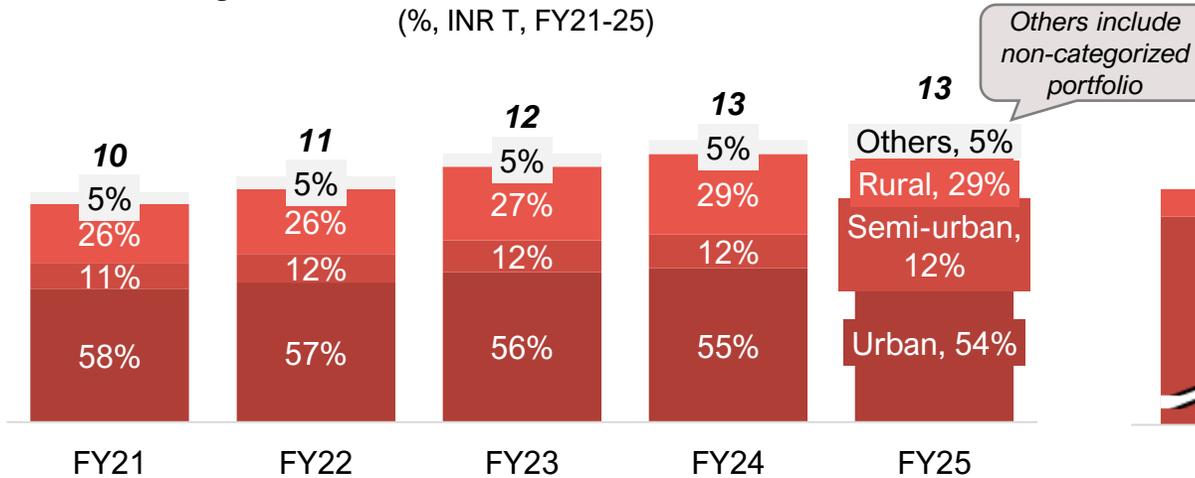
- 1 Tier-2 and tier-3 cities are driving next wave of lending**
Emerging middle-income households and rising aspirations are pushing credit demand beyond metros, with tech-native lenders enabling instant, digital access
- 2 Lending beyond money: Driving measurable social impact**
Credit offerings embedded with social outcomes, such as zero-interest health EMIs, are improving lives while simultaneously driving customer acquisition and portfolio expansion
- 3 Co-lending from compliance to capital engine**
NBFCs and Banks partner to lower funding costs, extend reach, and unlock balance-sheet-light growth through shared origination and risk
- 4 High-touch segments (like housing) rely on human anchors with discovery and qualification fully digital**
While sourcing and qualification are rapidly digitizing, borrowers continue to rely on human advisory for large, long-tenure loans, with end-to-end digitization accelerating steadily
- 5 Home Loans show strong urban concentration**
A disproportionate share of mortgage volumes originates from a limited set of districts, reflecting income concentration and constrained EMI affordability in rural regions

India's upcoming credit cycle is driven by tier 2 and tier 3+ cities with a major support from FinTech led financing

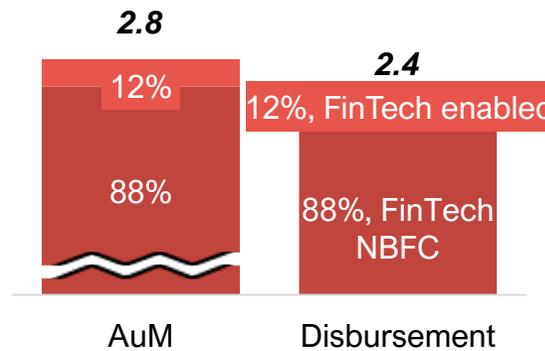
Tier 2 and tier 3 cities are fueling the next wave of lending

Tech-native lenders are bridging the gap with fully digital, instant credit solutions

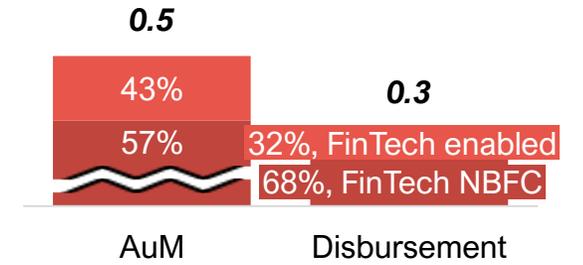
Region-wise affordable home loan AuM in India
(%, INR T, FY21-25)



FinTech lending – Personal loans
(%, INR T, FY24)



FinTech lending – Business loans
(%, INR T, FY24)



Tier-wise lending via FinTech partnership model
(%, FY25)

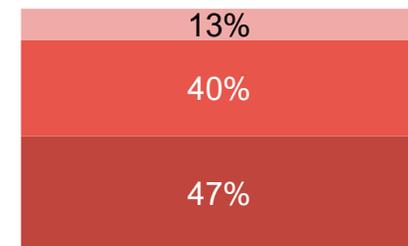


FY25

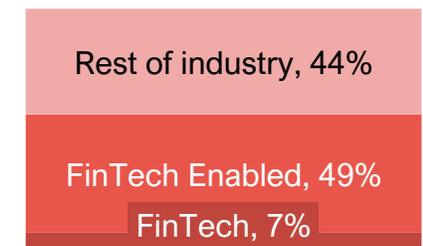
~79%

Loans disbursed to borrowers from tier 2 and tier 3 cities

Personal and business loan market share by value
(%, FY24)



PL <INR 1L



BL <INR 1L

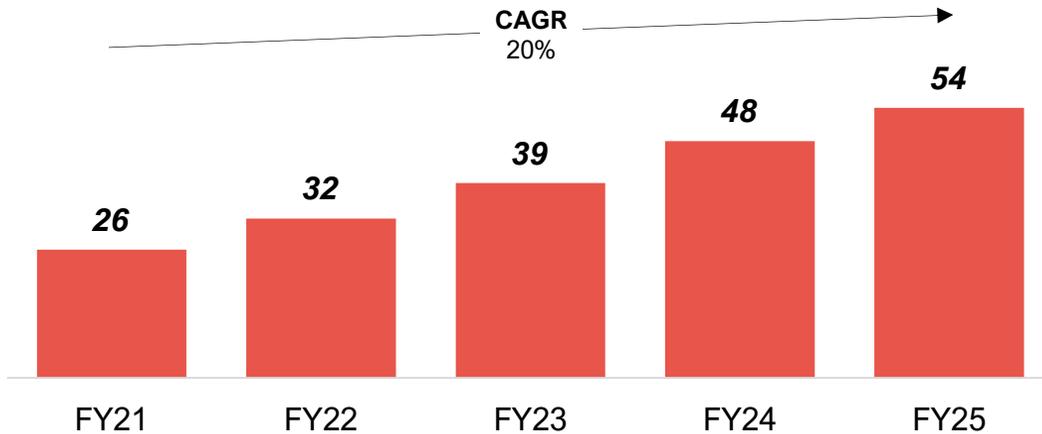
Note(s): FinTech NBFC - NBFC-led lending where the fintech owns origination, tech stack, and credit risk, FinTech enabled - Bank-led lending using fintech platforms for sourcing, underwriting, and servicing
Source(s): Industry reports, IRDAI, Praxis analysis

Embedding impact into credit design unlocks resilient growth while reducing household financial vulnerability

Impact-driven lending is redefining credit by improving lives

Zero-interest and purpose-led loans are fueling rapid commercial growth and real-world impact

Healthcare financing AuM
(INR K Cr, FY21-25)



Financing will shift from acute-care loans to recurring, unlocking repeated financing cycles.



Zero-interest EMIs expand access beyond emergencies with wellness, diagnostics, elective care financing solutions



With ~39% out-of-pocket health spends and ~92% rural self-funded hospitalizations, interest-free medical loans cushion debt



Interest-free medical loans prevent asset-sale or high-cost borrowing during emergencies

Overview of Impact financing offerings in India



Zero-cost medical loans

- **Interest-free** or low-cost credit converting **healthcare** costs in EMIs reducing patients' burden



Financing for social causes

- Consumer loans funding socially beneficial assets like **sanitation facilities, solar panels** and more



P2P impact lending

- **P2P platforms** linking borrowers and lenders for **social purposes** (low cost) like education and more



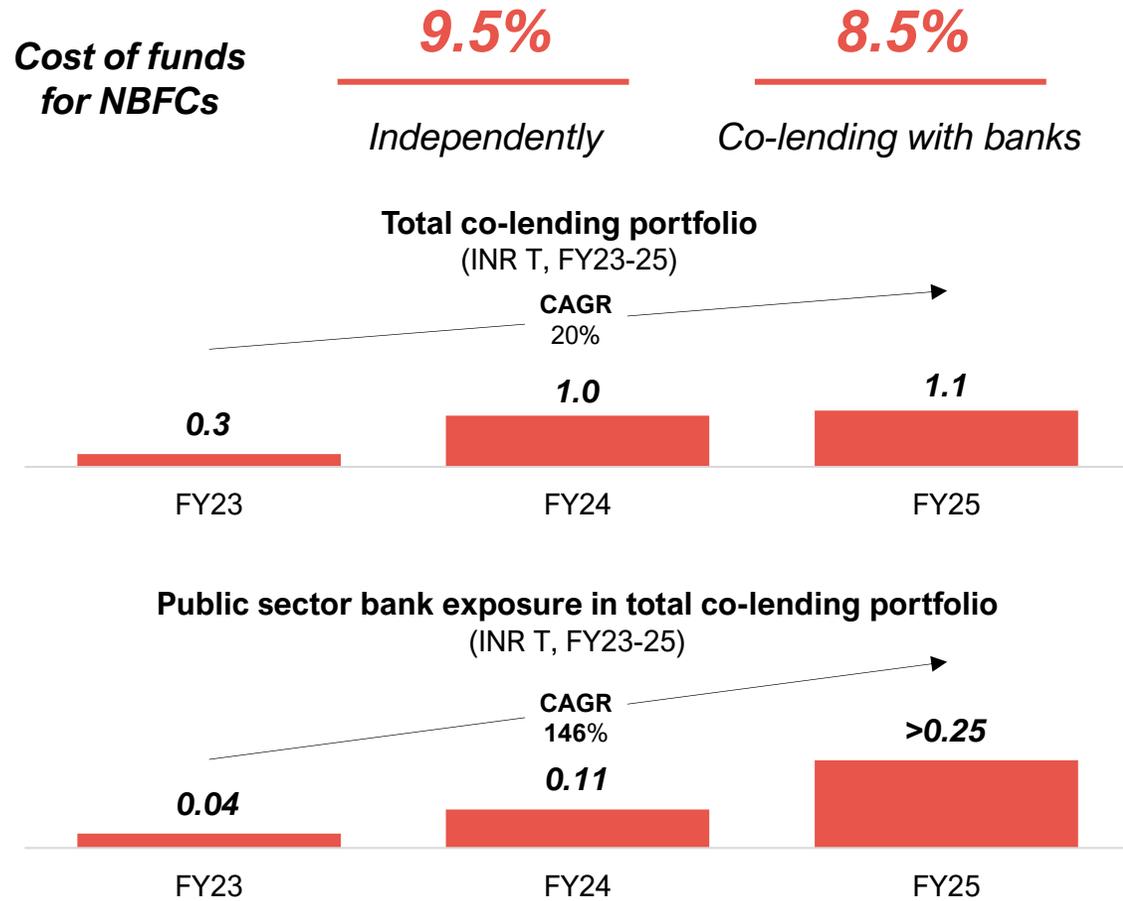
Climate and ESG financing

- Financing for purposes that **mitigate climate change** and **ESG** related activities

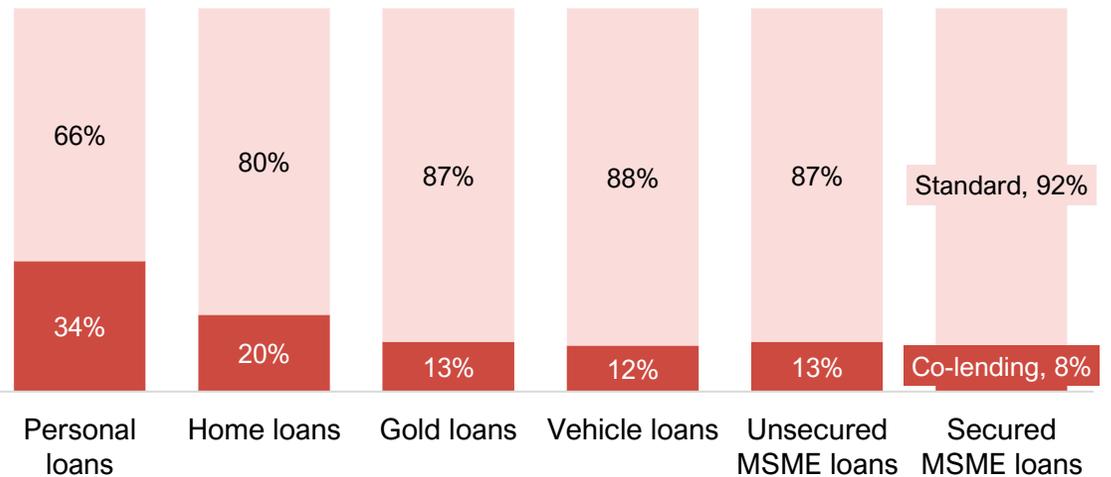
Bank-NBFC co-lending models combine low-cost capital with high-reach origination to scale credit sustainably

Bank-NBFC co-lending has evolved into a powerful capital engine, expanding reach and cutting cost of funds

What began as regulatory compliance now drives scale and efficiency across India's lending ecosystem



Co-lending portfolio across lending products (% , FY23)



Co-lending models



CLM1: Joint origination

Bank and NBFC jointly source and fund loans, sharing risk and balance sheet exposure proportionally



CLM2: Lead origination

NBFC leads loan origination and servicing while bank provides up to 80% of funding

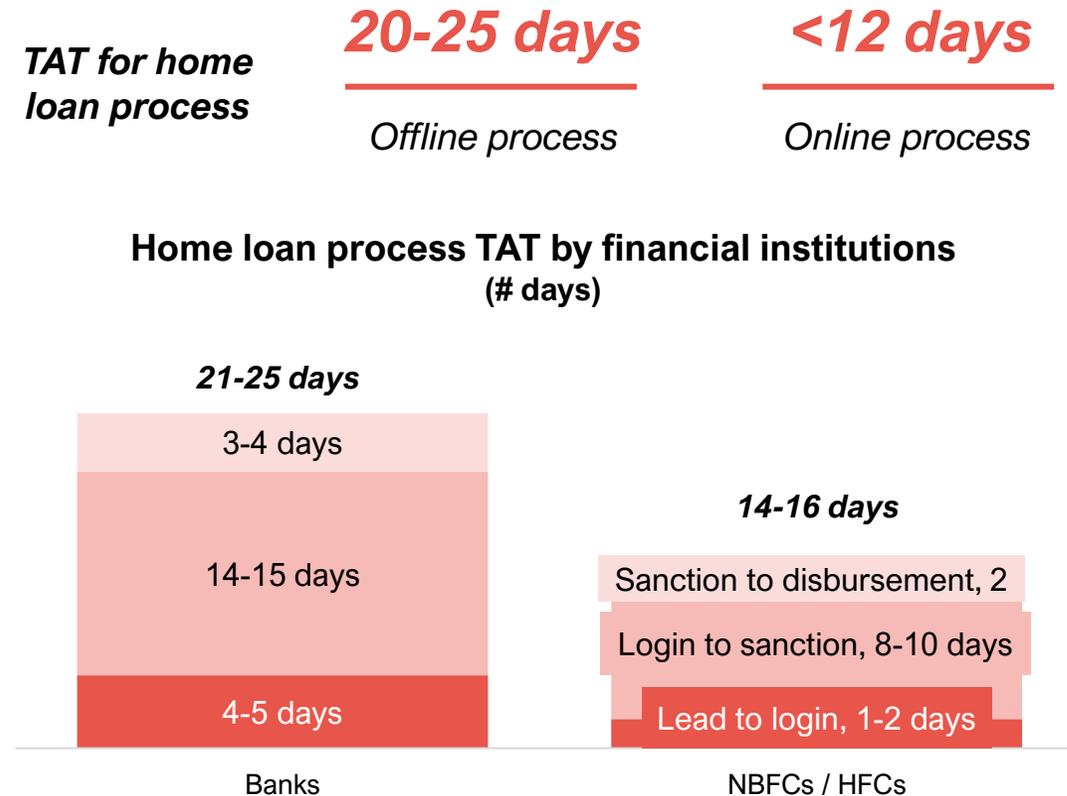
Home lending is evolving into a hybrid operating model with digitally accelerated front-end and human-led risk decisioning at the core

Digital discovery is transforming home loans, but humans remain essential for high-value decisions

Discovery	Login	Sanction	Disbursement
<ul style="list-style-type: none"> Digital sourcing Needs based assessment Eligibility and EMI tools 	<ul style="list-style-type: none"> eKYC, video-KYC, eSign Online application & uploads Auto bureau and bank-statement pulls 	<ul style="list-style-type: none"> Automated scorecards Policy rule checks Digital sanction letters 	<ul style="list-style-type: none"> e-disbursal and mandates Confirmation on e-documents Automated loan account creation
<ul style="list-style-type: none"> In-person counselling for high-value clients 	<ul style="list-style-type: none"> Original documents checking (exceptional cases) 	<ul style="list-style-type: none"> On-site technical evaluation Legal title verification Case-by-case risk assessment and approvals 	<ul style="list-style-type: none"> Stamped signatures Escrow release and key/title handover

Sanctioning remains high-touch, signaling significant digitization headroom

Half of home loans will be fully digital by 2027, reshaping risk assessment, property verification and registration



Home loan growth continues to be driven by urban income density and top 10 states having >81% share

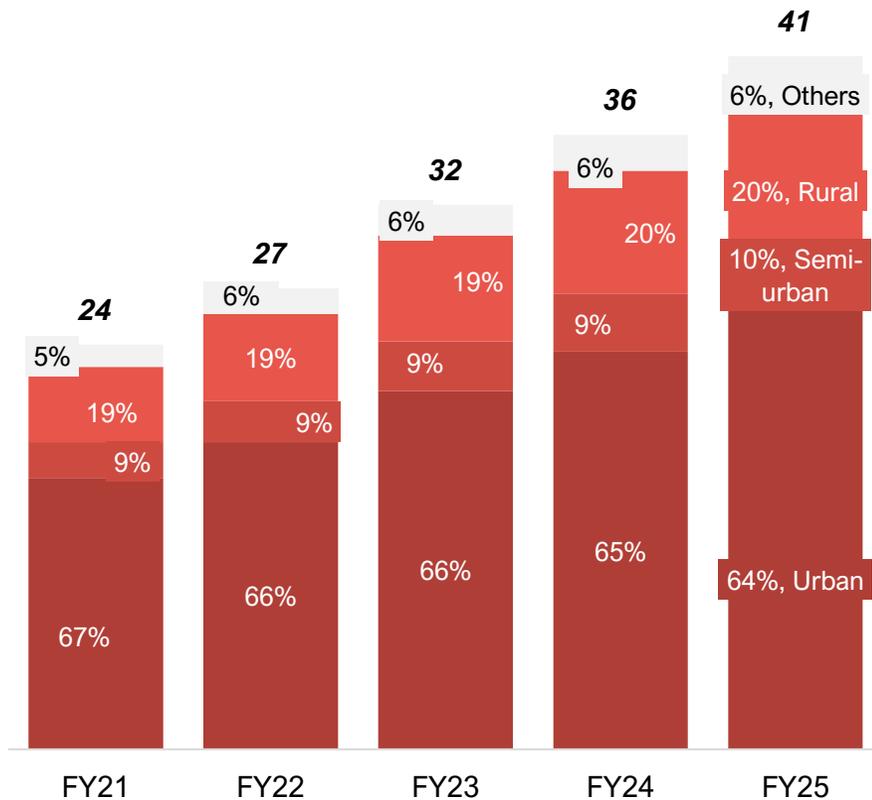
Urban areas dominate home loan AUM, with rural and semi-urban share growing modestly

Top 10 states account for ~81% share in overall Home loans o/s as of FY25, while top 5 states accounts for ~57% share

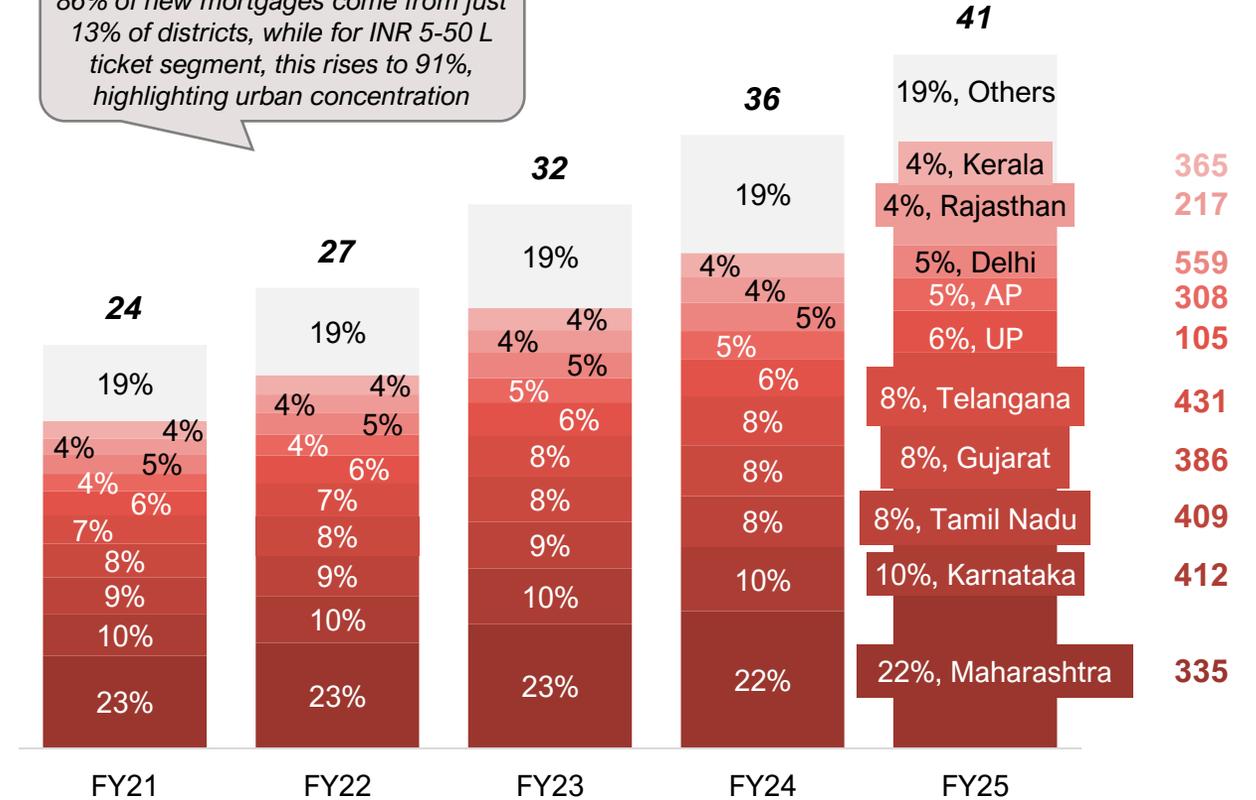
Region-wise home loan AuM in India
(%, INR T, FY21-25)

State-wise home loan AuM in India
(%, INR T, FY21-25)

GDP per capita
(INR K, FY25)



86% of new mortgages come from just 13% of districts, while for INR 5-50 L ticket segment, this rises to 91%, highlighting urban concentration





THANK YOU

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