

Mobile Apps prepare to take on web loan aggregators

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CHENNAI: Competing in the same space as online credit marketplaces and advisory services like CreditMantri, BankBazaar, RupeePower, PaizaBazaar.com a host of new mobile apps like CASHe, GoPaySense have sprung up that are also brokering loan applications for NBFCs, banks and providing credit advice. Some of them are going a step further and handing out loans themselves like InstaPaisa, EarlySalary.

With more than 52% of financial transactions in India being made via mobiles, new players say the "web-based" model of the older players will get outmoded soon. "Speed, convenience and efficiency, that's what we promise," says Nikhil Sama, founder and CEO, InstaPaisa.

Modelled on the payday lending concept that has a wide spread user base in America, mobile apps charge between 14%-23% and work out cheaper than credit cards.

In the peer-to-peer lending space also rates are better than at credit card companies, with mobile apps like Faircent, IndiaLends and Vote4Cash promising credit at your fingertips.

"There quite a few startups in the mobile app lending space. The USP they are trying to bring is hassle-free loans with less documentation and faster access. They collect consumer data from social media, mobile content, location and use data analytics to come up with a loan eligibility amount," says Mohan Jayaraman, managing director, Experian.

"There are three types of players in the mobile app lending space -one are intermediaries for banks i.e. direct marketing agents (DMAs), second are peer-to-peer lenders and third there are those giving out loans directly," says Experian's Jayaraman. "If they are booking the loans themselves they have to get a license from RBI to operate as a non-bank other players can be better described as fintech companies," he adds.

InstaPaisa operates on a hybrid model. "We are a lender ourselves, but we also have a platform, where borrowers can access credit from institutional investors or individuals. We offer loans of up to Rs 5 lakh after analyzing our non-traditional data sets," says Nikhil Sama, founder, InstaPaisa, which has Rs 4 crore loan book.

Another close-call between web players and mobile apps is the time taken for loan approval and choice offered. CASHe, which has disbursed more than Rs 5 crore loans, says its average loan disbursement time is 8 minutes versus BankBazaar's promise of instant loans in 7 minutes. When it comes to choice, mobile apps like CASHe facilitate short-term loans from one or at best two NBFCs versus BankBazaar's platform that lets you connect with as many as 7 lenders. The platform plans to increase that number to 25 by March 2017.

Methods in analyzing customer profile also vary. App use proprietary algorithms for assessing loan borrowing eligibility by looking at their social profile, merit and earning potential. "We look at mobile usage pattern, GPS location, SMS pattern. We can also verify PAN number, Aadhar number, date of birth and mobile phone. When it comes to social media, we look at how many followers you have on Facebook or connections on LinkedIn, how many likes or comments you get for what you post, how long you have used this medium. We just want to make sure you are a real person with a credible profile. Also this gets fed in and a black box decision algorithm makes the decision as to whether to give out the loans," says InstaPaisa's Sama.

Another differentiator between web loan aggregators and mobile apps is the loan tenure. "We give loans of upto Rs 1 lakh or 100% of salary for a 90-day period. And loan amounts not more than 40% of salary for loans of a 15-day or 30-day period," says V Raman Kumar of CASHe.