THE HINDU BusinessLine

SBI partners Snapdeal to offer loans to e-commerce sellers

PTI
Mumbai, Jan 15:

Country's largest lender State Bank of India today announced launch of SBI e-Smart SME to offer easy working capital to online e-commerce players.

The bank has initially tied up with e-commerce major Snapdeal to offer instant loans to its sellers.

"The e-commerce growth has created a new ecosystem enabling more than 5 lakh sellers to sell product on digital platform. It has also opened up opportunities for the banking industry," SBI chairman Arundhati Bhattacharya told reporters here today.

SBI E-Smart SME will use data analytics gathered by Snapdeal to assess the sellers credit worthiness, instead of traditional lending based on financial statements like balance sheet and income tax returns. The bank is also planning a similar tie-up with Flipkart, Paytm and Amazon going forward, she said.

"The biggest challenge for SMEs is to raise financing through formal banking is often they don't have collateral or a long history of financial statements to give confidence to lender.

"Through this real time analytics tool we have created with SBI, we can assign a credit score to all sellers on our platforms," said Snapdeal co-founder and CEO Kunal Bahl.

In one year, through its Capital Assist Program, Snapdeal had lent over Rs 250 crore to 1,000 sellers. In this year, it is targeting Rs 1,000 crore loans to SMEs, he added.

In May last year, SBI had partnered with Snapdeal to finance seller loans through the latter's Capital Assist platform. This initiative to offer instant loans will take it further ahead.

Initially, sellers will be able to avail loans up to Rs 25 lakh. Loans up to Rs 10 lakh will be collateral free with a competitive interest rate. Women entrepreneurs will have a special concession of 25 basis points.

Loans below Rs 10 lakh will be covered under the Pradhan Mantri Mudra Yojana Scheme.

The bank had hired management consulting firm BCG to facilitate the development of this credit model.

Yesterday, SBI had launched InCube in Bengaluru to specially cater to the needs of startups.

The bank has nearly one million MSME customers with a loan book of around Rs 1,80,000 crore as on December end.

SBI and Snapdeal are also exploring collaboration opportunities on various other areas in the digital banking space.

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