

09:47 AM | 08 JAN
MARKET STATS ▼

LIVE

சென்செக்ஸ்
34,348 ▲ 194.79நிஃப்டி 50
10,614 ▲ 55.70கோல்டு (எம்சிக்...
29,212.0 ▼ -18.0யுஎஸ்டி/ஐஎ...
63.27 ▼ -0.14CREATE
PORTFOLIOஈ-டி
மார்க்கெட்ஸ்...CHOOSE
LANGUAGE
TAM

NBFCs must embrace tech to attract PE investment: Study

BY PTI | JAN 07, 2018, 02.15 PM IST

Post a Comment

As banks grapple with bad loan problem, non-banking financial companies are witnessing rise in their market share, however, they will have to keep pace with technologies to attract investment, says a study.

Big Change:[The end of Five-Year Plans: All you need to know](#)

"With banks tightening their purse strings owing to increasing [bad loans](#), Indian non-banking financial companies (NBFCs) are growing their market share, however, they will have to keep pace with new technologies and changing customer aspirations to attract timely PE (private equity) investments," said a joint study by industry body [Assocham](#) and advisory firm PwC.

The study suggests that NBFCs must challenge the status quo in their business and find funds to invest into operating models with the potential to disrupt the industry.

With the digital advance of policy initiatives such as [India Stack](#), Aadhaar Pay and Direct Benefit Transfer (DBT), and exponential increase in smartphone/Internet access, NBFCs need to think hard about tweaking their current business models to grow in a hybrid world --'digital plus physical'.

"New tech-based business models have the potential to crunch the learning period substantially and re-balance the strategic advantage of information access by inserting themselves into the value chain with technology," said the study titled 'Fuelling NBFCs through Private Capital'.

NBFCs will have to invest in new technologies to lower their cost of acquiring new segments, servicing existing customers and de-risking the portfolio in order to ride the wave of increasing formal credit penetration in a growing economy, the study noted.



10 days hair oil - 3000 happy customers & 100+ reviews.

Rathira Ayurveda



Take your brand to the right consumer this festive season

Colombia Network

Recommended By Colombia

Besides, in order to fulfil demands of the new-age customer in terms of credit facilities, NBFCs will have to invest in analytics and artificial intelligence capabilities to be able to connect to the customer in a hyper-personalised manner.

As most of public sector banks and some private banks are grappling with bad loans for last many years, it has generated a tremendous opportunity for NBFCs to ramp up its scale.

In the last two years, NBFCs have doubled their market share in SMEs (small and medium enterprises) and wholesale loans and have made substantial inroads in other consumer loan categories, the study said.

Coupled with lower cost, a focused approach on limited credit products and strong underlying **risk management** capabilities help NBFCs to not only underwrite credit to a targeted set of customers but also to control bad debts, making them one of the attractive sectors for PE funding, as per the study.

"Private equity firms can provide the necessary capital and financial muscle to undertake strategic decisions--right from expanding existing markets, building newer capabilities, improving efficiency or even to refinancing existing high cost debt," it said.

As per the study, PE firms look to invest in NBFCs, which can build scale that provides cost reduction opportunities, market access and operational efficiencies which then give PE firms higher returns when they monetise their stakes.

Also, consolidation of smaller NBFCs will therefore become an attractive target for PE firms in the future as they will have the opportunity to demonstrate a successful exit with substantial multiples.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Powered by

[Live Market](#)
[News](#)
[Portfolio](#)
[Mobile](#)
[Live TV](#)
[Biz Listings](#)

[Industry](#)
[Newsletters](#)
[Commodities](#)
[Speed](#)
[Blogs](#)
[RSS](#)

[About Us](#)
[Create Your Own Ad](#)
[Advertise with Us](#)
[Terms of Use & Grievance Redressal](#)
[Privacy policy](#)

FOLLOW US

Download it from
APP STORE

Download it from
GOOGLE PLAY

Download it from
Windows Store

Other Times Group news sites

[इकनॉमिक टाइम्स](#) | [ईकोनोमिक्स टाइम्स](#) | [Pune Mirror](#) | [Bangalore Mirror](#) | [Ahmedabad Mirror](#) | [ItsMyAscent](#) | [Education Times](#) | [Brand Capital](#) | [Mumbai Mirror](#) | [Times Now](#) | [Indiatimes](#) | [नवभारत टाइम्स](#) | [महाराष्ट्र टाइम्स](#) | [ವಿಜಯ ಕರ್ನಾಟಕ](#) | [Go Green](#) | [AdAge India](#) | [Eisamay](#) | [IGN India](#) | [NavGujarat Samay](#) | [Times of India](#) | [Samayam Tamil](#) | [Samayam Telugu](#) | [Miss Kyra](#) | [Bombay Times](#) | [Filmipop](#)

Living and Entertainment

[Timescity](#) | [iDiva](#) | [Entertainment](#) | [Zoom](#) | [Healthmeup](#) | [Luxpresso](#) | [Gadget Reviews](#) | [Titanium & Platinum Credit Card](#) | [Online Songs](#) | [MensXP](#) | [Hotels](#) | [Travel Destinations](#) | [Cricbuzz](#) | [Recipes](#) | [Gaana](#) | [Happytrips](#) | [Getsmartapp](#)

Interest Network

[itimes](#)

Hot on the Web

[Income Tax Slabs](#) | [Aadhaar Card](#) | [How to Save Income Tax](#) | [GST Rates](#) | [IPL Retention List](#) | [GST](#) | [Income Tax](#) | [Sensex Today](#) | [Budget 2018](#) | [Sensex](#) | [Income Tax Calculator](#) | [Aadhaar](#)

Services

[Book print ads](#) | [Online shopping](#) | [Matrimonial](#) | [Astrology](#) | [Jobs](#) | [Tech Community](#) | [Property](#) | [Buy car](#) | [Bikes in India](#) | [Free Classifieds](#) | [Send money to India](#) | [Used Cars](#) | [Restaurants in Delhi](#) | [Remit to India](#) | [Buy Mobiles](#) | [Listen Songs](#) | [News](#) | [TimesMobile](#) | [Real Estate Developers](#) | [Restaurant Deals in Delhi](#) | [Car Insurance](#) | [Gadgets Now](#) | [Free Business Listings](#) | [CouponDunia](#) | [Remit2India](#) | [Techradar](#) | [AliveAR](#) | [Getsmartapp App](#) | [ETMoney Finance App](#) | [Feedback](#)

In Case You Missed It

[Gold Rate](#)

[What is Bitcoin](#)

[Pan Card](#)

[Bank FD Rates](#)

[Infosys Share Price](#)

[Nifty](#)

[Silver Price](#)

[H1B Visa](#)

[Aadhaar Card](#)

[SBI Share Price](#)

[Sensex](#)

[Crude Oil Price](#)

