

Pay app: Google, banks team up for digital loans

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In what appears to be a symbiotic relationship, [Google's](#) India arm said on Tuesday it was teaming up with HDFC Bank, ICICI Bank, Federal Bank and Kotak [Mahindra](#) Bank to offer loans on its app Google Pay.

■ **Over 55 million people** have downloaded Tez since September 2017

■ On a monthly basis, more than **22 million people** and businesses use the app

■ More than **750 million transactions** made using Tez so far

■ Language support for Google Pay in eight languages — **English, Hindi, Bengali, Gujarati, Kannada, Marathi, Tamil and Telugu**

Digital payments experts said that while the banks would be able to acquire customers more easily via the Google Pay app, Google in turn would have access to the credit histories of these borrowers. The data could then be mined by Google for its business, they said.

“This is a typical land and expand strategy that fintechs follow and that’s what Google is doing,” Vivek Belgavi, partner and head (fintech) at PwC, observed. Fintech, Belgavi said, was becoming the new distribution channel for banks, allowing them to address new customer segments.

While banks will approve the instant, pre-approved loans, the front-end and user experience will be provided by Google Play. The feature, set to be rolled out to eligible users within the next few weeks, will appear as a notification informing the user he or she has been pre-approved. He or she can then decide the amount and tenure of the loan.

Once the terms of the loan are finalised, the relevant bank will deposit the money in the user’s bank account. No additional paperwork will be required.

Internet penetration and the increasing affordability of smartphones are facilitating digital payments and transfers. Rajan Anandan, Google’s vice-president for India and Southeast Asia, observed on Tuesday that India now has 390 million internet users with a fourfold growth in rural users.

“About 45% of online uses will be women in the next three years,” Anandan said. Moreover, the ecosystem has seen a significant upgrade with 70% of smartphones now offering over 2 GB of RAM and 80% of the devices offering at least 16 GB

storage. Also, feature phone usage, he said, is redefining the internet by triggering a 270% year-on-year growth in voice; while the average data consumption is now 8 GB per user, about 95% of the video consumption that drives this number is in local languages.

Google Pay — earlier called Tez — is understood to have been downloaded by over 55 million people. More than 22 million people and businesses use the app for digital transactions every month. Collectively, they have made more than 750 million transactions, with an annual run rate of over \$30 billion, the company said. Google Pay has language support for eight languages — English, Hindi, Bengali, Gujarati, Kannada, Marathi, Tamil and Telugu.

India is an important market for digital payments for a number of global players. Digital payments in India, currently estimated at around \$200 billion, are projected to rise fivefold in the next five years to touch \$1 trillion, according to an estimate made by Credit Suisse. At this point, the value of digital payments will rise from around 10% right now to around 25%, a February report by the investment bank stated.

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