Fit-for-future NBFCs: A key pillar of the USD 5 trillion economy

October 2019
# Table of contents

**Foreword** ............................................................................03

**Message from ASSOCHAM** .............................................04

1. **Introduction** .................................................................06
   1.1. Impact of the recent crisis on the NBFC sector.......08
   1.2. Importance of a healthy NBFC sector for achieving the USD 5 trillion milestone.............10

2. **Key considerations for building a fit-for-growth NBFC sector** .................................................................12
   2.1. Enhancing revenues ................................................. 13
   2.2. Optimising costs to improve the bottom line...........17
   2.3. Governance and risk management .........................21

3. **Conclusion** .....................................................................24
Foreword

Nitin Jain
Partner, Financial Services – Strategy and Digital
PwC India

There is no denying the role of the non-banking financial company (NBFC) sector in the growth that India has experienced over the last couple of years. NBFCs have been instrumental in offering formal credit to the underserved retail and micro, small and medium enterprises (MSME) segment, thereby increasing the contribution of these segments to India’s overall GDP.

In the last couple of months, the sector has witnessed an acute liquidity situation which, to some extent, has been alleviated through measures taken by the RBI and the government to boost lending to NBFCs. While the larger NBFCs (AAA category) with strong parentage are in a better position to deal with the current problems, the smaller ones have been impacted the most in their ability to sustain their business because of the liquidity crunch. With the traditional sources of capital drying up, several NBFCs are raising capital through securitisation of assets for lack of other quick and viable fund-raising options. NBFCs focused on infrastructure and real estate lending are experiencing stress in their loan books as evidenced by the growing level of non-performing assets (NPAs).

Additionally, NBFCs are facing stiff competition from new-age FinTechs which have been capturing a greater market share with their technology-heavy low-cost operating models and by setting new gold standards for customer experience.

In the wake of these developments, through this report, we have attempted to offer solutions to some of the key issues pertaining to the profitability and sustainability of NBFCs, which include:

- developing new channels of growth by exploring partnerships with aggregators, e-commerce companies, FinTechs and the MSME marketplace and developing capabilities to build these partnerships
- targeting new profitable markets and diversifying the asset base with new products
- boosting sales from direct/digital channels by leveraging process automation, data analytics and digital marketing, and extending the salesforce to the ‘difficult to reach’ tier 1/tier 2 customers
- targeting new market segments through the proposed co-origination model with banks and other financial institutions (All India Financial Institutions)
- exploring alternative borrowing channels to address the asset liability management (ALM) mismatch and reduce the overall cost of funds
- optimising the operational cost to improve the return on equity (ROE) and free up capital for investments in growth areas
- strengthening governance and risk management controls by using new-age technologies such as big data analytics, artificial intelligence and mobility solutions.

We strongly believe that a healthy NBFC sector is instrumental in maintaining India’s growth momentum and achieving the target of a USD 5 trillion Indian economy by 2024. NBFCs have shown resilience in the past in dealing with such downturns through business innovation. In light of new regulations, it would be interesting to see how the story unfolds for the NBFC sector in the next couple of months.

We appreciate the effort taken by ASSOCHAM to bring this very engaging topic into focus and for giving it the importance it deserves. We thank ASSOCHAM for selecting PwC as its trusted knowledge partner for this forum. Finally, I thank Aditya Shaligram, Akhil Agarwal, Abhishek Miglani and Jai Vussonji of the Financial Services team of PwC for researching and writing this report.
With their immense contribution to the economy, non-banking finance companies (NBFCs) have emerged as an alternative to mainstream banking. NBFCs have contributed to infrastructure, transportation, employment generation and wealth creation and have kept pace with the rapid technological changes and the market environment. They have been successful in filling the gap in credit availability to retail customers in underserved and unbanked areas, fuelling the growth of entrepreneurial ventures in various parts of the country. NBFCs have provided credit to the micro, small and medium enterprises (MSME) segment and contributed to financial inclusion. With their deep understanding of micro markets, NBFCs have been able to focus on the lower end of the spectrum through product customisation. MSME-focused NBFCs have adopted unique business models through a segment, product or geography-based focus on the sector to improve their reach.

The 2019 budget announced the growth aspiration of achieving a USD 5 trillion economy in 2024. The Economic Survey for 2018-19 highlighted the current NBFC crisis as a key challenge that could choke credit growth and impede the achievement of this milestone. The NBFC liquidity situation appears to have manifested itself in the current economic crisis through the slowdown in the auto, real estate and infrastructure sectors, where the NBFC presence has been significant. Therefore, a healthy and growing NBFC sector is an important pillar for reaching the 2024 GDP milestone, as well as propelling India towards developed nation status by improving social indicators such as employment rate, per-capita income and percentage of population below the poverty line.

The role of NBCs in facilitating inclusive growth has been recognised by the Prime Minister. Recent policy announcements have been reflective of the government’s support to the NBFC sector in order to promote economic growth. The coverage of NBFCs under the Credit Guarantee Fund Trust for Micro and Small Enterprises Scheme (CGTMSE) is one such initiative. Leading global financial institutions like the World Bank have also recognised the importance of NBFCs. Domestic financial institutions like National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) have come forward to refinance NBFCs. With the current state of the economy, it is imperative that NBFCs be re-invigorated. Against this backdrop, ASSOCHAM, in association with PwC India, has prepared this knowledge report with the aim of highlighting the status of NBFCs and charting the way forward. We hope the issues covered in this report will be discussed and deliberated upon at length at the event and that the ensuing recommendations will enhance the functioning of NBFCs in India. I extend my best wishes for the success of the event.

Balkrishan Goenka
President
ASSOCHAM
Message from ASSOCHAM

Non-banking financial companies (NBFCs) play an important role in promoting inclusive economic growth by extending low-cost credit to informal and smaller micro, small and medium enterprises (MSMEs) and unbanked customers. The NBFC sector not only funds the financially weaker sections of society but also ensures smooth movement of capital in the distribution chain for consumer-oriented segments such as automobiles, consumer durable, staples and other valuable sectors. The sector has also contributed to a large extent to employment generation and wealth creation by making credit available to the rural segment.

NBFCs also contribute significantly to economic development through mobilisation of resources, capital formation, provision of long-term credit and specialised credit, employment generation, the development of financial markets, foreign grants and driving consumption demand in the economy. The NBFC sector accounts for nearly 17% of the total credit in the country and registered a growth rate of 20% in financial year 2018.

In this year’s Union Budget, the Finance Minister announced a partial credit guarantee facility for public sector banks worth INR 1 lakh crore for the purchase of high-rated pooled assets of financially sound NBFCs and housing finance companies (HFCs). Additionally, the National Housing Board will be controlled by the RBI. These measures will benefit the NBFC sector and boost investor confidence.

The Prime Minister has announced the vision of building a USD 5 trillion economy by 2024. To fund this growth, we will require a well-functioning NBFC sector to achieve adequate GDP growth. We strongly believe that a healthy NBFC sector is instrumental in maintaining India’s growth momentum and achieving the target of a USD 5 trillion economy by 2024.

In this context, ASSOCHAM is organising the sixth edition of the national summit on NBFCs with the theme ‘Contributing to the 5 trillion dollar economy’. The summit is timely as NBFCs are currently facing a liquidity crisis and mismatch of assets and liabilities. There are serious debates on this subject at the highest levels in order to develop appropriate solutions.

ASSOCHAM and PwC have together come up with a knowledge paper titled ‘Fit-for-future NBFCs: A key pillar of the USD 5 trillion economy’ which tries to highlight the issues being faced by the industry and create a roadmap for the future.

ASSOCHAM acknowledges PwC’s valuable contribution in preparing this in-depth report. We hope that regulators, market participants, government departments and other research scholars will find it useful.
The NBFC sector in India witnessed meteoric growth until the first half of 2018, accounting for nearly 18% of the total formal credit flow. The pace of growth was fuelled by four key drivers.

**Outgunning state-run banks**

The share of state-run banks in the total credit mix dropped by 13% between FY08 and 18. The drop was led by asset quality fiascos, particularly in the corporate book, that crippled capital availability for new businesses. As lenders shifted their focus to retail individuals, nimble NBFC and private sector banks were able to grab a larger share of the pie.

**Exhibit 1: Growth in market share of NBFCs and private sector banks – 2008–18**

<table>
<thead>
<tr>
<th>Year</th>
<th>PSU banks</th>
<th>Private banks</th>
<th>NBFCs</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008: Share of institutions in total formal credit – ~INR 30 trillion</td>
<td>18%</td>
<td>60%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>2018: Share of institutions in total formal credit – ~INR 118 trillion</td>
<td>47%</td>
<td>24%</td>
<td>18%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Easy access to liquidity through banks, capital and money markets**

**Exhibit 2: Increase in share of short-term commercial papers by NBFCs and resulting reduction in cost of funds – 2014–18**

<table>
<thead>
<tr>
<th>Year</th>
<th>NBFC credit mix (%)</th>
<th>NBFC cost of funds (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>FY16</td>
<td>8%</td>
<td>9.9%</td>
</tr>
<tr>
<td>FY18</td>
<td>7%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

---

1 HDFC Securities Institutional Research, January 2019
2 Ibid.
3 Ibid.
Asset-light, technology-based low-cost models to improve customer reach and penetrate underserved markets

NBFCs have pursued aggressive business growth by building distribution capabilities across new, untapped and under-penetrated geographies and customer segments. Such expansion has required NBFCs to adopt technology advances and integrate with the FinTech ecosystem to build cost-effective, lean and robust operations and risk management capabilities.

Exhibit 3: Despite pursuing strong business growth, the NIM, cost-to-income ratio and GNPA metrics of NBFCs are comparable or superior to those of private sector banks

4 Company annual reports, PwC analysis
Differentiated business models that leverage a deep understanding of the sector and extensive knowledge of local markets

Based on a deep understanding of the sector and know-how of the local market, NBFCs have driven credit growth in unorganised markets where banks have traditionally been unwilling to lend. Several NBFCs have built niche, differentiated business models that are sector-, product- and geography-specific to harness existing enterprise or group capabilities. By customising products to match customer needs, enriching customer interactions and deepening customer relationships, NBFCs have emerged as the preferred lender in such markets.

Exhibit 4: Customer-, sector-, product- and geography-focused business models of NBFCs that maximise internal capabilities

<table>
<thead>
<tr>
<th>Focus type</th>
<th>Focus area</th>
<th>Enabling capabilities</th>
<th>Deep understanding of customer groups</th>
<th>Specialised sector experience</th>
<th>Easy access to capital</th>
<th>Efficient distribution network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer segment focused</td>
<td>Corporate</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Retail</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MSME</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Blue-collar workforce</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Sector</td>
<td>Affordable housing</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Automotive</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diversified</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Product</td>
<td>PoS financing</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working capital</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Digital lending</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Education loan</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Geography</td>
<td>Chennai</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Jaipur</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

1.1. Impact of the recent crisis on the NBFC sector

The NBFC juggernaut was halted in September 2018 as a result of a default in debt obligations of around INR 1 lakh crore. Thrusting the sector into the spotlight, the default highlighted several structural fault lines within it:

1. asset-liability mismatch, resulting from short-term market borrowings and long-term loan tenures
2. absence of robust governance controls and due-diligence mechanisms to match aggressive credit build-up
3. low corporate governance and risk management standards, resulting in slip-ups such as intra-group lending
4. lower regulatory supervision compared to the banking sector.

The situation was further exacerbated with DHFL reporting loan repayment defaults in 2019. The current negative environment has resulted in three major limiting implications for NBFC enterprises, affecting sustainability and denting business growth:

1. liquidity crunch, because of elevated perceptions and greater caution by banks and mutual funds – the largest source of funds for NBFCs
2. high cost of borrowing from alternative liquidity channels leading to margin pressures
3. deterioration in asset quality with stress in the infrastructure finance and microfinance sector contributing to higher NPAs.

5 Company reports, PwC analysis

8 PwC | Fit-for-future NBFCs: A key pillar of the USD 5 trillion economy
Initiatives launched by the RBI to restore NBFCs

Considering the NBFC crisis, the RBI announced a set of measures that are expected to improve access to liquidity for the sector:

<table>
<thead>
<tr>
<th>Measure</th>
<th>RBI guidelines</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing exposure limit</td>
<td>The RBI increased the counterparty exposure limit of banks to a single NBFC to 20% of tier 1 capital from 15%.</td>
<td>While the measure was intended to encourage banks to lend more to NBFCs, banks have been largely cautious and have refrained from making the best use of higher limits. Many banks are still below the former limit.</td>
</tr>
<tr>
<td>Priority sector classification</td>
<td>Loans given by banks to NBFCs for on-lending to agriculture, micro and small enterprises, and housing to be classified as priority sector lending (PSL)</td>
<td>The measure has benefited some of the larger NBFCs and specialised NBFCs. However, it has not directly addressed the refinancing challenges of the NBFC sector.</td>
</tr>
<tr>
<td>Easing of risk-weightage norms for banks</td>
<td>The central bank has allowed banks to risk-weight their exposures to NBFCs based on the respective credit rating.</td>
<td>The move is likely to expand flow of credit to better-rated NBFCs.</td>
</tr>
<tr>
<td>Partial credit guarantee</td>
<td>The government has created a mechanism where they will allow partial credit guarantee for purchase of high-rated pooled assets of NBFCs, amounting to INR 1 trillion during the current fiscal. The guarantee will be provided on a one-time basis for six months for a public-sector bank's first loss of up to 10%.</td>
<td>The measure is in the initial stages of implementation. Market participants are confident that the guarantee is adequate to cover typical losses. This could help some of the large and mid-sized NBFCs with their liquidity needs for about six months.</td>
</tr>
<tr>
<td>Co-origination model</td>
<td>The RBI released guidelines on co-origination of loans by banks and non-deposit taking NBFCs in the priority sector. NBFCs must take a minimum exposure of 20% with the remaining contribution by the participating bank.</td>
<td>There are obvious benefits from this arrangement in terms of the liquidity support, especially for struggling NBFCs. The NBFCs are also likely to benefit from the risk-sharing model and will be able to target a new customer base.</td>
</tr>
<tr>
<td>Securitisation</td>
<td>RBI guidelines on securitisation allow NBFCs to securitise loans originated by them with original maturity of more than 5 years.</td>
<td>NBFCs would benefit from the liquidity generated by securitisation of assets to address problems arising from ALM mismatch.</td>
</tr>
</tbody>
</table>

The Ministry of Corporate Affairs is looking at bringing NBFCs under the ambit of the Insolvency and Bankruptcy Code. This measure is aimed at securing the interest of investors who have suffered financial losses because of failures of large NBFCs.

The RBI’s largesse has improved the liquidity situation significantly for large and top-rated NBFCs. However, even AA-rated NBFCs continue to struggle. Additionally, concerns around corporate governance have kept investor and bankers away.

With the situation not easing as fast as policymakers and the industry might have desired, there might be a need to look at additional measures, including the regulator playing a more active role through policy stipulations and proactive checks and measures. It is imperative that the prolonged stress in the NBFC sector be eased out on a war footing before it starts to impact the larger economy through a contagion effect.
1.2. Importance of a healthy NBFC sector for achieving the USD 5 trillion milestone

The 2019 budget presented by the NDA government highlighted a key aspiration – a USD 5 trillion economy in 2024, translating to a real GDP growth rate of 8%. The follow-up Economic Survey 2018–19 highlighted the current NBFC crisis as a key challenge that could choke credit growth and impede achievement of the milestone. The NBFC liquidity situation appears to have manifested itself in the current economic crisis – as visible through the slowdown in the auto, real estate and infrastructure sectors, where NBFC presence has been significant.

Improving access to formal credit for the underserved retail and MSME sector

Currently accounting for 29% of India’s GDP, the MSME sector comprises 63.3 million enterprises and employs nearly 110 million of India’s population across rural and urban areas. Given its contribution to the economy, the sector is a critical growth engine for the 2024 milestone – a fact recognised by the government and economic think tanks.

Known to borrow at high rates from the informal lending market, the MSME sector has registered a CAGR of around 10% in gross value addition over the last five years, despite the impact of demonetisation and GST roll-out.

Exhibit 5: Strong correlation between MSME GVA growth and the availability of credit through formal and informal sources

Exhibit 6: Credit from NBFCs to the MSME sector has grown at 30%, compared to the overall MSME formal credit growth rate of 18%

Only 16% of MSME enterprises access formal credit, resulting in higher borrowing costs. Despite the rol-out of GST, banks and financial institutions are constrained by the availability of valid documents and legitimate collateral for security, and face challenges in improving distribution and reach.

Exhibit 6: Credit from NBFCs to the MSME sector has grown at 30%, compared to the overall MSME formal credit growth rate of 18%
As a critical part of India's financial system, NBFCs have been driving credit inclusion among individuals and enterprises by improving access and bridging pricing inefficiency through innovative product solutions and delivery models. MSME-focused NBFCs have adopted unique business models through a segment-, product- or geography-based focus on the sector to improve penetration.

Over and above formal and informal supply, the MSME sector faces a credit shortfall, with estimates pegging the gap at INR 25 trillion. This has resulted in curtailed growth despite available potential. At the latest credit to GDP estimate for the MSME sector, meeting the shortfall translates to an additional GDP of approximately INR 30–50 trillion at the current MSME debt/GDP estimates from the sector.

Meeting the credit shortfall will require NBFCs to play a pivotal role and actively participate in growing the MSME economy.

**Contribution of NBFCs to nation building**

As a critical part of India’s financial system, NBFCs have been driving credit inclusion among individuals and enterprises by improving access and bridging pricing inefficiency through innovative product solutions and delivery models.

India ranks lower than the major developing and developed economies on credit penetration among individuals and enterprises. A healthy, growing NBFC sector is important to achieve the 2024 GDP milestone, as well as move India forward towards developed nation status by improving social indicators such as employment rate, per capita income and percentage of population below the poverty line.

**Exhibit 7: NBFCs contribute to nation building by improving value across six key dimensions**

<table>
<thead>
<tr>
<th>Efficient resource allocation</th>
<th>Employment generation</th>
<th>FDI generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBFCs help in converting savings into investments</td>
<td>Providing credit to the economy will boost labour requirements</td>
<td>NBFCs help in attracting FDIs by helping Indian companies to become attractive</td>
</tr>
</tbody>
</table>

- **Sustainability and high growth of NBFCs are imperative to achieve India’s target of USD 5 trillion GDP**
- **Specialised credit**: NBFCs contribute to wealth creation opportunities for the underserved
- **Increase market capitalisation**: NBFCs boost the valuation of companies by funding them
- **Development of core sectors**: NBFCs help sectors with a long gestation period like infra, power, transport

---

14 MSM Pulse, data as of December 2018
15 World Bank data: https://data.worldbank.org/indicator/FS.AST.PRVT.GD.ZS
Key considerations for building a fit-for-growth NBFC sector

In the following sections, we have addressed some of the key challenges that NBFCs face with respect to enhancing their revenues, optimising their costs, and strengthening governance and risk management. Considering competitive pressures from digital-first disruptors, NBFCs need to look beyond their traditional revenue streams and ensure sustainability to avoid any further liquidity situations.

Exhibit 8: Key considerations for achieving profitable and sustainable growth

<table>
<thead>
<tr>
<th>Enhancing revenue</th>
<th>Optimising cost</th>
<th>Building governance and risk controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How to grow existing revenue channels?</td>
<td>• What alternative borrowing options can be explored to optimise the borrowing mix?</td>
<td>• How to ensure stronger governance to restore investor/market confidence?</td>
</tr>
<tr>
<td>• How to develop new revenue channels/segments?</td>
<td>• How to reduce servicing cost without compromising on customer experience?</td>
<td>• How to ensure compliance with the new regulations and policies?</td>
</tr>
<tr>
<td>• How to cope with the disruptions in the industry?</td>
<td>• How to leverage digital to improve operational efficiency?</td>
<td>• What are some of the key focus areas for better risk management?</td>
</tr>
<tr>
<td>• What partnerships and alliances can be explored to boost revenues?</td>
<td>• How to improve collections efficiency and at the same time reduce cost to collect?</td>
<td>• How can technology help in improving governance and risk management?</td>
</tr>
<tr>
<td>• How to improve the efficiency of the sales team?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.1. Enhancing revenues

NBFCs have seven opportunities to grow their revenues by developing new revenue streams, enhancing sales from their existing revenue streams, and leveraging alliances and partnerships to target a new customer base.

Exhibit 9: Key opportunities for NBFCs to boost revenues

- Increase the penetration in the MSME segment with new and dynamic operating models
- Synergistic alliances with FinTech to tap niche markets
- Get access to new customers and cheaper funding sources by developing a viable co-lending business model
- Target individual buyers, merchants and suppliers to tap into the fast-growing e-commerce segment
- Diversify assets by targeting new profitable segments and developing the capabilities required to serve the segments
- Develop digital capabilities to boost sales productivity
- Increase fee income through advisory services

Partnerships with e-commerce players

The e-commerce market is expected to grow at a CAGR of 18% from USD 39 billion in 2017 to USD 200 billion by 2027. There is a huge demand for real-time online credit from Gen-Y buyers, especially for mid- to high-ticket size items. Digital-first players have effectively leveraged e-commerce platforms by offering instant credit with their innovative analytics-driven underwriting models.

Furthermore, some of the leading banks offering zero-cost EMI have captured a significant market share in this segment with a growing proportion of gross merchandise sales on e-commerce platforms happening through EMIs.

Targeting merchants/suppliers

E-commerce platforms also offer an opportunity to target registered sellers/merchants and intermediaries for their working capital requirements. Leading digital-first NBFCs have been able to disburse non-collateralised loans by pulling merchant data from various sources (income tax, bank statements, credit bureau) to evaluate operational history, volume of transactions, registration details and tax filings.

NBFCs need to develop the following key capabilities to target these merchants/suppliers:

- **API ecosystem**: Integration to pull data from diverse sources such as credit bureau, income tax/GST, utilities, telco operators (call logs, geolocation) and social media
- **Artificial intelligence (AI)/data analytics**: Processing the data through a rule engine for quick decisions with zero manual intervention. Use of self-learning algorithms to modify the rule engine for more efficient underwriting
- **Digital competencies**: Develop/acquire workforce that is skilled at working on data modelling, analytical tools and process automation
Exploring new market segments through asset diversification

Asset diversification would entail not only mitigating the concentration risks (lending to a few big institutional clients) but also looking at new profitable products and market segments/industries. There are various parameters across which NBFCs could evaluate the feasibility of products:

1. **Market attractiveness:** The size of the market could provide critical insights into the potential customer segments, help in developing long-term strategies and growth projections. The intensity of market competition will determine the market entry strategy (distribution channels, partnerships and alliances) to capture the initial market share. It is equally important to identify the niche market segments that fulfill the unmet demands of consumers.

2. **Product profitability:** While yields on product, the nature of loans (secured/unsecured) and tenure (long term/short term) are major determinants of product profitability, the risk of NPAs needs to be determined to assess the bottom-line impact.

3. **Existing capabilities:** An organisation’s existing capabilities such as distribution channels, partnerships and customer base need to be considered to identify the gaps that NBFCs need to plug in order to introduce new products and services.

4. **Borrowing mix:** Impact on the borrowing mix needs to be assessed with the introduction of new products. Typically, short-term loan products (such as consumer durable loans) funded by short-term borrowing instruments such as commercial papers and short-term loans offer an opportunity to lower the overall borrowing cost and facilitate better asset liability management.

Meeting the latent demand from tier 1/tier 2 cities

Within the retail space, NBFCs could create a niche by targeting consumers from tier 1–tier 2 cities who have relatively limited access to banking credit. With mobile Internet penetration expected to reach about 55% by 2023, the next wave of growth for retail is expected to come from urban/semi-urban areas with a completely different customer profile.

NBFCs would need to tailor their operating model to capture this new customer profile characterised by the following traits:

- low to medium ticket-size buyers
- lower online financial literacy
- preference for vernacular language for service
- aspirational buyers
- less digitally savvy.

Leveraging digital to improve salesforce efficiency

Organisations are boosting the productivity of their salesforce by developing their digital capabilities. The use of analytics for better customer segmentation and designing segment-specific sales strategy is leading to better conversion rates. Mobility solutions are allowing sales executives to capture/process documents and customer information more efficiently. With a real-time view of the sales pipeline, supervisors are in a better position to drive sales behaviour.

### Exhibit 10: Digital competencies and tools to improve salesforce efficiency

| Sales performance dashboard offering real-time information on lead pipeline, lead ageing, conversion rates, individual scorecards and real-time alerts/notifications | Use of mobility solutions for straight-through-processing resulting in lower turnaround time and better conversion rates |
| Use of advanced analytics and machine learning to build propensity models for lead generation. Making real-time offers available to sales representatives by using customer data from multiple internal and external sources | SLA-driven ‘service to sales’ channel with access to real-time next best product recommendations based on customer propensity models |

---

The reach of the salesforce can be further extended to tier 1/tier 2 cities by partnering with agents such as law/taxation/accounting firms and medical clinics who are trusted advisors for the local population. Running financial literacy programmes in partnership with these agents could help in increasing the brand visibility in the local markets.

**Growing fee income through advisory services**

It is critical for NBFCs to focus on efforts to increase fee-based income for improving their return on equity. Investing in partnerships with insurance firms, asset management companies and other original equipment manufacturers (OEMs) to increase the distribution of fee income is imperative to sustain business profitability. There are specific promising areas that NBFCs can explore to increase their fee income:

1. **Core fee income**
   Processing fees, late payment fees and referrals contribute to the bulk of fee income for NBFCs. Strict adherence to lending policies and payment schedules would help in ensuring a steady fee income. NBFCs need to segment their customers to understand their depth of relationship (number of products bought, ticket size, past behaviour) with the organisation and design segment-specific strategies for maximising the core fee income.

2. **Investment advisory**
   With their deep understanding of financial products and product distribution capabilities, NBFCs could target their MSME base to offer investment management services and generate a healthy fee income. These services can be further taken to retail investors with the help of new age technology. Although the business of investment management is primarily driven by dedicated relationship managers (wealth advisors) assigned to individual accounts, WealthTechs are experimenting with technology in the form of robo-advisory to bring investment advisory to the mass affluent segment. Digital players are also offering goal-based advisory, allowing customers to set their financial goals – buying a house, securing finances for a child’s education needs, retirement plans – according to their risk appetite and duration for achieving the goals. Based on customer inputs, investment plans are designed with specific recommendations on allocation to equity and debt schemes and a quick interface to invest.

3. **Insurance broking**
   While credit protection forms the bulk of insurance sold by NBFCs to their MSME clients, there are opportunities to expand the basket of insurance products to the retail segment. With deep penetration in the MSME market, NBFCs are in a good position to tap a big retail base served by MSMEs. NBFCs could collaborate with MSMEs to sell industry-specific retail insurance products, e.g. NBFCs focused on MSMEs from the travel and tourism industry could explore opportunities to sell travel insurance to the retail segment through their MSME partners.

4. **Value-added services**
   NBFCs could leverage their deep domain understanding to introduce industry-specific products for MSMEs across services such as taxation, accounting, payroll management and licensing. This will not only increase the fee income but also help in customer retention/loyalty.

**Monetising the contact centre/shared services captive**

NBFCs with a large contact centre/shared services set-up could explore opportunities to monetise these services by offering them to relevant partners (with complementary products) based on a commercial model. This also offers NBFCs an opportunity to cross-sell their products to a new customer base (service to sales). This model has been effectively used by MNC banks in monetising their mature offshore BPO/IT captives by spinning off their captives into separate companies who offer services to other organisations. This has allowed banks to monetise their captives which are typically a cost centre for the organisation.

While this arrangement could be a win-win for the involved partners, considerable thought needs to be given to the core and strategic functions to be retained versus the functions to be outsourced to the captive.
Developing a viable co-origination model

The RBI's guidelines on co-lending for banks and NBFCs, issued in September 2018, are directed at helping banks meet their mandatory priority sector lending requirement and, at the same time, achieve the objective of financial inclusion. Under the guidelines, NBFCs will take a minimum 20% of direct exposure as credit risk, and the rest will be covered by the banks. While there are obvious benefits from this arrangement in terms of liquidity support, especially for struggling NBFCs, there are other advantages:

1. **Targeting a new customer base:** With the blended rates (agreed between NBFCs and banks) for lending, NBFCs will be able to target a new set of customers with new products. NBFCs need to protect their existing customer base by clearly segregating their existing products from products offered under the co-origination model.

2. **Brand visibility:** NBFCs could leverage the brand name of the partnering bank with a strong presence in tier 1/tier 2 cities to enhance their own brand visibility and attract a new set of customers, thus gaining more cross-sell opportunities.

3. **Stronger risk management:** NBFCs could benefit from the local market understanding and strong risk models developed by some of the partnering banks to further strengthen their risk management procedures.

There are operational aspects that need due consideration for these models to work:

a. **Smooth process handshakes:** To offer a seamless customer experience, NBFCs need to put in place procedures to ensure smooth handshakes with banking processes and clear assignment of roles and responsibilities across customer lifecycle management.

b. **Technology integration:** The level of technology integration between banking and NBFC systems would largely determine the success or failure of the co-lending arrangement. A standard protocol needs to be established for communication between banking and NBFC systems.

c. **Reporting and compliance:** The differences in the reporting standards and compliance policies (for banks and NBFCs) need to be reconciled to ensure better standards of governance and risk management.

Targeting the MSME marketplace

The Union MSME Ministry for India recently announced that the government is working on developing a marketplace platform for MSMEs (called Bharat Craft) which is expected to bring in a turnover of around INR 10 lakh crore over the next 2–3 years. Existing private B2B platforms have a large seller base representing multiple industries.

Gearing up for this ecosystem by developing capabilities to attract marketplace participants should be a priority for NBFCs. Some of the capabilities include:

1. **Targeted campaigns:** Identification of MSME segments for targeted product campaigns complemented by real-time offers for MSMEs through the marketplace platform to maximise the marketing ROI

2. **Real-time data management:** Real-time access to MSME data from various market/government sources for determining eligibility for pre-approved loans, intuitive interfaces for MSMEs to avail loans, dashboards/scorecards to monitor daily transactions and end-of-day reports for account reconciliations

3. **Helpdesk support:** A mix of self-service and assisted channels to resolve queries around loan terms and conditions and ensure minimum dropouts along the loan processing/disbursal process

4. **Technology capability:** Ensuring that the technology architecture is flexible enough to support integration with marketplace ecosystem partners to facilitate hassle-free onboarding and payment disbursals

5. **SLA-driven processes:** With the use of digital technologies such as eKYC, e-signature, Aadhaar-based verification and dynamic underwriting models, loan disbursals are happening within 30 minutes. It is imperative to align loan processing/disbursal processes to meeting such aggressive SLAs.

Synergistic alliances with FinTechs

The FinTech segment has seen a meteoric rise over the last 5 years, with approximately 1,800 FinTechs founded in the period mainly to fulfil the unmet needs of the underserved retail segment. The size of FinTech transactions is estimated to reach USD 137.8 billion by 2023 with a CAGR of 20%.\(^9\)

Exhibit 11: Bringing together FinTech and NBFC capabilities

Over the years, FinTechs have leveraged data analytics, blockchain, machine learning and AI to offer superior customer experience through new-age underwriting models, seamless partner integration and real-time loan decisions. There are synergies that NBFCs and FinTech players can achieve in the areas of technology, operations and risk by exploring new partnership models.

Recently, a few FinTechs who have been granted lending licences have announced their intent to enter into a co-lending arrangement with NBFCs. This offers a good opportunity to NBFCs to diversify their assets by getting into strategic partnerships with FinTechs specialising in serving niche segments. We have identified three areas below where FinTechs have a strong presence and which present an opportunity for NBFCs to collaborate:

1. Invoice discounting

Invoice discounting is allowing small and micro businesses to meet their short-term working capital requirements based on unpaid invoices, allowing for acceleration of account receivables. FinTechs are targeting suppliers/sellers on e-commerce websites and other marketplaces/aggregators for this product.

2. Merchant cash advances (POS)

FinTechs are churning merchant transaction data from point of sale (POS) terminals through their analytics engine to proactively target merchants with cash advance products. Through this offer, qualified merchants have pre-approved loan options available to them at the click of a button.

3. Supply chain financing

Volumes of data generated by online marketplaces offer a granular view of the sales cycles of various registered suppliers and thus allow digital-first lenders to identify the needs of suppliers and offer a customised loan product.

2.2. Optimising costs to improve the bottom line

The liquidity squeeze and perceived risk have led to an increase in the borrowing cost for NBFCs, which in turn is putting pressure on the margins. In the current environment, NBFCs need to focus on optimising costs to drive profitability. In this section, we focus on ways NBFCs can reduce their costs and improve the bottom line.

Exhibit 12: Optimising the major cost heads to improve profitability

<table>
<thead>
<tr>
<th>No</th>
<th>Cost Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Borrowing cost</td>
<td>Costs associated with borrowing from banks, MFs</td>
</tr>
<tr>
<td>02</td>
<td>Operating cost</td>
<td>Costs associated with running business operations</td>
</tr>
<tr>
<td>03</td>
<td>Indirect cost</td>
<td>Costs associated with legal, infrastructure, utilities, etc.</td>
</tr>
</tbody>
</table>

For further details, please refer to Statista 2019 – Fintech India Outlook.
Diversifying the borrowing mix

The NBFC sector is currently undergoing perhaps the worst liquidity crisis since 2008. The realisation of the folly of financing long-term assets through short-term borrowings and added regulatory scrutiny are forcing NBFCs to look for more diversified sources of borrowings. As the analysis below shows, the absolute issuance of short-term commercial papers by NBFCs declined significantly during H2FY19.

Exhibit 13: The borrowing mix for NBFCs from Mar ’18 to Mar ’19

<table>
<thead>
<tr>
<th></th>
<th>Debentures</th>
<th>Commercial papers</th>
<th>Bank borrowings</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-18</td>
<td>47%</td>
<td>24%</td>
<td>21%</td>
<td>9%</td>
</tr>
<tr>
<td>Jun-18</td>
<td>45%</td>
<td>21%</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Sep-18</td>
<td>42%</td>
<td>28%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Dec-18</td>
<td>42%</td>
<td>10%</td>
<td>28%</td>
<td>8%</td>
</tr>
<tr>
<td>Mar-19</td>
<td>42%</td>
<td>28%</td>
<td>9%</td>
<td>8%</td>
</tr>
</tbody>
</table>

NBFCs are exploring more stable and long-term sources of capital to instil more ALM discipline in their balance sheets. In the short term, CPs are expected to be replaced by other forms of borrowings such as non-convertible debentures (NCDs) and off balance-sheet instruments. However, in the medium to long term, more stable sources of financing like masala bonds, external commercial borrowings and retail NCDs are likely to become more prominent. Notwithstanding the options available, policymakers and the industry should work together to strengthen the bond market further. Innovations like covered bonds can help NBFCs access a reliable source of long-term borrowing while also protecting the cost of funds. Further, banks can look at customising their lending to NBFCs as per the needs of the latter.

Optimising operating costs

With respect to reduce the operating cost, we have focused on the three critical phases of customer lifecycle management and the costs associated with them:

Exhibit 14: Optimising cost across customer lifecycle management

<table>
<thead>
<tr>
<th>Acquisition and onboarding</th>
<th>Servicing</th>
<th>Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost to acquire</strong></td>
<td><strong>Cost to serve</strong></td>
<td><strong>Cost to collect</strong></td>
</tr>
<tr>
<td>• Sales and marketing</td>
<td>Contact centre (inbound)</td>
<td>• Contact centre (outbound)</td>
</tr>
<tr>
<td>• Third-party commissions</td>
<td>• Branch servicing</td>
<td>• Field agency</td>
</tr>
<tr>
<td>• Onboarding operations</td>
<td>• Email/SMS/chat</td>
<td>• Litigations/write-offs</td>
</tr>
</tbody>
</table>

NBFCs have increasingly started looking beyond their traditional channels (direct selling agents [DSAs]) and leveraging digital channels to acquire new customers. One of the large NBFCs focused on consumer finance has set itself a target of 35% for acquisitions through digital/direct sale channels. A major housing finance NBFC reported a 25–30% reduction in the turnaround time for the loan application process through digital channels by leveraging robotic process automation (RPA) capabilities to reduce the administrative effort and the bulk of paperwork. As per a PwC survey, the operations and finance functions have witnessed the maximum RPA adoption and demonstrated a very high ROI.21

20 Source – RBI data
21 Source – PwC’s 2017 Financial services RPA survey
NBFCs are also investing heavily in their direct sales team who offer a better customer experience (compared to DSAs) in terms of understanding the customer requirements and customising product offerings.

NBFCs could avoid third-party commissions/agent fees by selling through digital/direct sales channels. Typically, the cost of acquisition could reduce by as much as 25–30% with digital channels compared to traditional DSA channels, reducing operational expenses and improving business profitability.

**Cost to serve**

Organisations today are focused on reducing their cost to serve without compromising on the customer experience. Use of IVR, chatbots and other self-service channels is helping businesses boost servicing agent productivity. By diverting simple queries (such as balance enquiries, payment status, account statements) to self-service channels, businesses have experienced significant cost reductions. Advances in AI and voice technologies are enabling organisations to explore new channels for addressing more complex customer requests through interactive voice sessions.

With the development of smart cities, organisations are exploring the option of moving their contact centres/shared services set-up to these tier 1/tier 2 cities reducing the overall servicing cost by means of lower rentals and tax rebates/concessions. Organisations have also reported lower attrition rates at contact centres run in tier 1/tier 2 cities compared to those in metros, which reduces the overall cost of hiring.

The use of cloud telephony is also contributing towards lowering the infrastructure costs associated with customer contact centres.
Cost to collect
For our analysis, we divide collections activity into two major buckets: soft stage and hard stage.

Exhibit 15: Resolution rates and cost to collect across soft and hard collection buckets

Collections activity within 30 days past due (DPD) falls under the soft bucket and is typically handled via call centres. The bucket is characterised by a low cost to collect (CTC) and high resolution rate. Collections after 30 days DPD belongs to the hard bucket. NBFCs need to focus on maximising their case resolutions in the soft collections stage to increase the overall collections efficiency and control the CTC. By revising the incentive structure of contact centre agents, a large NBFC was able to increase the resolution rate for its contact centre to 95%.

NBFCs are also taking the digital road to reduce cost. The use of technology for skip tracing, customer segmentation (segment-based collections strategy) and collection triggers could yield quantifiable benefits in terms of resolution rates.

Case study
A large NBFC was able to increase the adoption of its payments platform by 20–25% by asking its field collections agents to enrol and educate customers on their payments platform for future payments. The NBFC immediately saw an increase in field agent productivity and a reduction in CTC by 10–15%.

Keeping a close tab on indirect costs
Indirect costs would mainly comprise legal, rentals, travel, telephony, utilities and other miscellaneous charges. Although these costs are lower compared to the other cost heads, they have an impact on profitability, especially for large organisations, and can be reduced with the help of technology, vendor management and procurement strategy measures. Smart lighting with motion sensors, Internet telephony, use of energy-efficient IT hardware (green computing), increasing use of voice/video conferencing (to reduce travel), and bulk procurement contracts with travel and insurance providers could help in reducing the overall spend on overhead cost by as much as 25–30%.
2.3. Governance and risk management

In the wake of the recent NBFC crisis, the role of the board and CXOs towards governance and risk has come under great scrutiny. There is far more emphasis on representation of industry experts on the board who have deep domain expertise and can help organisations navigate through difficult business/economic environments. It is now time to clearly delineate the roles and responsibilities of the board and senior management towards building a robust governance structure.

We believe NBFCs need to focus on six key areas to ensure stronger governance and risk management:

Exhibit 16: Key focus areas for stronger governance and risk management

- **Asset liability management (ALM):** While NBFCs primarily focused on consumer finance (with an average asset maturity <1 year) are in a better position with respect to ALM, those focused on housing finance companies (HFCs) and infrastructure lending with a higher average asset maturity need to explore long-term borrowing options to mitigate the risk of ALM mismatch. The net cumulative mismatches in the maturity buckets (1–7 days – 10%, 8–14 days – 10%, 15–30 days – 20% as per RBI guidelines) need to be monitored closely with the requisite controls and board oversight.

- **Liquidity coverage ratio (LCR):** The RBI’s draft guidelines on LCR for NBFCs with an asset size of INR 5,000 crore and above require 60% of the net cash outflows to be invested in high quality liquid assets (HQLAs) such as sovereign bonds and cash by April 2020, progressively moving to 100% by April 2024. In the short term, this will hurt margins, with NBFCs required to invest a portion of their funds in low-yielding government securities instead of high-yielding loans. However, we believe in the long term, this will help the sector prepare itself better for managing liquidity risk and may also lead to consolidations in the sector with smaller NBFCs (that fail to maintain the LCR) merging into larger more stable NBFCs.

- **Arm’s-length transactions:** Intra-group transfers to subsidiaries with different operating models, especially in a diversified conglomerate, need to be executed on arm’s-length principles. A group-level policy for related-party transactions should be formulated, ensuring that all such transactions are approved by the board in compliance with the policies.
• **Reporting standards:** The adoption of Indian Accounting Standards (IndAS)
  - Phase 1 applicable from 1 April 2018 – listed/unlisted NBFCs with net worth >= INR 500 crore
  - Phase 2 applicable from 1 April 2019 – Listed NBFCs with net worth < INR 500 crore, unlisted NBFCs with net worth >= INR 250 crore has implications not only for financial reporting and accounting but also for business processes and applications. Considering these changes, it is critical for NBFCs to invest in organisation-wide training programs to increase awareness with new standards and upgrade their systems in line with the new reporting formats.

• **Concentration risks:** The risks associated with concentrated assets and liabilities need to be identified and remediated on an ongoing basis. A representation of the funding mix in terms of borrowing instruments (e.g. commercial papers as a percentage of the total borrowing base) or exposure to borrowers/large institutions (as a percentage of the total lending base) can enable senior management to take timely action to mitigate such risks. Setting up central vigilance to keep a close tab on the top borrowing institutions/companies for market news and group alerts is essential for taking proactive remediation measures.

• **Audit:** The audit committee needs to ensure that the data (operational and financial) from internal systems is audited at least once every two years and the requirement for rotating the auditing partners every 3 years is strictly adhered to. Any major findings from internal audits need to undergo a board/senior management review. Increasingly, firms are conducting a forensic audit to ensure impeccable track records for senior management/board member additions.

It is important for NBFCs to invest in governance, risk and compliance (GRC) technologies and reduce reliance on heavy spreadsheets and time-consuming data aggregation activities which are susceptible to errors. GRC systems are being increasingly integrated with enterprise resource planning (ERP) and analytics systems to offer a real-time view of organisational risks and alerts to senior stakeholders.
Big data and analytics can be leveraged for scenario simulations and stress testing, allowing for a better understanding of vulnerabilities in the balance sheet. Leading analytics firms are using macroeconomic parameters (such as exchange rates, interest rates, GDP growth, inflation), management actions (e.g. acquisition of new business, selling/diversifying portfolios) and financial parameters (existing assets and liabilities, investments, equity) to help organisations determine their financial positions across a wide range of market scenarios.

Rule-based AI engines that take inputs from various analytics/operational/financial systems and real-time data feeds are helping organisations make better decisions on capital allocation and liquidity risk management.

Cloud-based architecture is helping organisations to rapidly scale up the access to their risk data and application suite to multiple business users spread across geographies.

Mobility solutions complemented by advanced visualisation tools are going a long way in facilitating access to real-time dashboards/scorecards for operational performance and risk management.
To the credit of NBFCs, they have risen from the ashes before – as evidenced during the 2008 and 2014 financial crises. This time, however, there are additional concerns. The first is around the domestic economic slowdown that is visible, particularly in the automotive, infrastructure and real estate sectors, where the NBFC focus is significant. The second deals with the margin pressure resulting from the proposed RBI move to link NBFC lending rates to an anchor rate.

While the liquidity condition in the market improves for the NBFC sector, it is imperative for NBFCs to establish strong governance and risk management practices (as discussed in this paper) to restore stakeholder/investor confidence and reduce overall borrowing costs. Additionally, NBFCs can improve their bottom line by optimising their operating expenses through digitisation and automation initiatives. Finally, the ability of NBFCs to develop strategic partnerships with key ecosystem players and leverage technology to meet the demands of new consumers will determine the future course of the industry.
Fit-for-future NBFCs: A key pillar of the USD 5 trillion economy
About ASSOCHAM

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country’s oldest and most agile apex chamber, always evolving with the times ever since it was set up in 1920. The ASSOCHAM reaches out to and serves over 4.5 lakh Members from trade, industry and professional services through over 400 associations, federations and regional chambers spread across the length and breadth of the country. It has built a strong presence in states, as also spread its wings in the key cities of the world.

With a rich heritage of being led by stalwarts of independent India, like JRD Tata, N A Palkhivala, H P Nanda, L M Thapar, A N Haksar and Raunaq Singh, among others, the ASSOCHAM has shown the ability to transform itself to the contemporary Corporate India and of late has emerged as the ‘Knowledge Chamber’, leveraging the country’s strength in the knowledge-led global economy.

Be it education, health, manufacturing, banking-finance, international trade, energy, human resource, science and technology, entertainment or the rural landscape comprising agriculture and rural infrastructure, the ASSOCHAM has well-established National Councils in each of the segments, Chaired by well-known industry leaders, academicians, economists and independent professionals. These Councils deliberate extensively and share their inputs with the government.

As the ASSOCHAM prepares for the Centenary celebrations next year, it is working hand in hand with the Government, institutions of importance and national and international think tanks to contribute to the policy making process even as it shares vital feedback on implementation of decisions of far-reaching consequences.

ASSOCHAM is truly an institution of eminence, ever contributing to the task of Nation building.

Contact us

Department of Banking & Financial Services

Ajay Sharma
Assistant Secretary General
ajay.shama@assocham.com

Dr. Rajesh Singh
Deputy Director
rajesh.singh@assocham.com

Vivek Tiwari
Senior Executive
vivek.tiwari@assocham.com

Kushagra Joshi
Senior Executive
kushagra.joshi@assocham.com

Rajinder Bhola
Executive
rajinder.bhola@assocham.com
About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

In India, PwC has offices in these cities: Ahmedabad, Bangalore, Bhopal, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai, Pune and Raipur. For more information about PwC India’s service offerings, visit www.pwc.in

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2019 PwC. All rights reserved.

Contact us

**Nitin Jain**  
Partner, Financial Services – Strategy and Digital  
PwC India  
Email: nitin.j.jain@pwc.com  
Phone: +91 9999780011

**Yash Gupta**  
Director, Financial Services – Strategy and Digital  
Email: yash.gupta@pwc.com  
Phone: +91 8861520011

**Aditya Shaligram**  
Manager, Financial Services – Strategy and Digital  
Email: aditya.shaligram@pwc.com  
Phone: +91 9833538919