Impact of COVID-19 on FinTechs

Country: India

September, 2021

BHARAT INCLUSION INITIATIVE BY CIIE.CO

MSC MicroSave Consulting

About this report

- We understand the devastating impact of COVID-19 on the global economy and industry well by now. Several businesses had to discontinue operations, while millions lost their livelihoods. Indian FinTechs showed tremendous resilience to grow and evolve despite innumerable challenges, as presented in our first and second reports of the study.
- In this third round of our research series on the impact of COVID-19 on the Indian FinTech ecosystem, we:
  - Spoke to a mix of early-stage and established FinTechs;
  - Conducted research on the effectiveness of government measures to mitigate the impact of COVID-19;
  - Explored investor sentiments and understood how they have reacted to new market conditions;
  - Studied the impact of the pandemic on Private Equity and Venture Capital investors.
- We also applied data science and analytics to predict the future trajectory of various types of startups in the near term.
- This report's objective is to create a holistic understanding of the FinTech ecosystem in the "new normal" and extract lessons for a positive future.

Authors:
Tenzin Varma, Vishes Kumar Jena, Anshul Saxena

Data analytics:
Kanishkaa Chopra

Interview facilitation:
Anshul Saxena

Review support:
Anil Kumar Gupta, Graham Wright

Copy edit support:
Dhruvi Sharma

Supported by:
Financial Inclusion (FI) Lab*

*The FI Lab is supported by some of the largest philanthropic organizations across the world—the Bill & Melinda Gates Foundation, J.P. Morgan, Michael & Susan Dell Foundation, MetLife Foundation, and Omidyar Network. The FI Lab is a part of CIIE.CO's Bharat Inclusion Initiative and is co-powered by MSC.

MSC conducted a countrywide study to gauge the impact of COVID-19 on FinTechs

Key objectives of the study

01 Assess the impact of COVID-19 on early-stage and established FinTechs

02 Understand the coping strategies of FinTechs and their survival plans

03 Analyze and compare significant policy and regulatory concerns of FinTech startups in the third phase

04 Analyze differences in the ecosystem across the timeline of the study

05 Determine investor response to the ongoing crisis

Structure of the report

Section 1: Executive summary

Executive summary

Phase I Apr ’20 - Jun ’20

Phase II Jul ’20 - Mar ’21

Phase III Apr ’21 - Jun ’21

- MSC conducted the research in **three phases** over 15 months. The current report is based on a study of **phase III**.
- The persistent effects of the pandemic **led to a slow, albeit steady, trickle of funding** for Indian FinTechs and startups**.** While the funding they received in the first half of 2021 declined by about 85%[1] compared to the first half of 2020, the **number of deals increased by 20%**. COVID-19 has made investors cautious. They prefer to invest in proven business models in smaller amounts than seen previously.
- InsurTechs and savings FinTechs have performed extraordinarily well over this period. Some savings FinTechs recorded up to 65% growth in their revenue, while InsurTechs showed steady growth. A startup in our research sample grew by **350%** in terms of revenue.
- Several FinTechs re-strategized and expanded their product portfolios. Some, such as Bridge2Capital, improved their offerings to remain relevant to existing customers, while others like Entitled pursued new customer segments through innovative channel partnerships.

The highlights of this study are as follows:

Customer traction and strategic partnerships

- **Reorientation:** More than **70%+**[2] of FinTechs have started onboarding and engaging with customers digitally. They even resolve customer grievances through chat-bots.
- **New relations:** The interaction between FinTechs and NBFCs or MFIs has accelerated with strategic partnerships for digitalization, credit underwriting, and loan collections. Some FinTechs even partnered with their competitors.

Business and raising capital

- **Selective growth**: Some InsurTechs increased their revenue by 30 times[2] on a month-on-month basis, gaining significant investor traction. Whereas investor traction dropped for some credit FinTechs that did not roll out new products.
- **Coping strategy:** startups continue to experiment with their revenue models while eliminating operational redundancies and managing risk by making cautious investments. Some FinTechs have swapped fixed salaries with variable pay based on an individual’s sales performance[3] to reduce operational expenses further.

Silver linings

- **Product design:** Since phase II, FinTechs have continued to innovate and diversify their solutions to retain customers. For example, Bridge2Capital, a credit FinTech, added insurance, digital gold loan, and bookkeeping solutions to its product range.
- **Digitalization:** A massive second wave impacted UPI payments in April and May, 2021. However, the trend soon reversed, and the demand for mobile-based digital payments became higher than ever. For example, the transaction volume of PhonePe grew by **65%**[4] and its value increased by **58%** since the last phase of our research.

H1 = January - June, 2021 | [1]KPMG, Inc42Plus, YourStory, and MSC analysis | [2]MSC analysis | [3]Financekaart has introduced variable pay as of 2021 | [4]NPCI

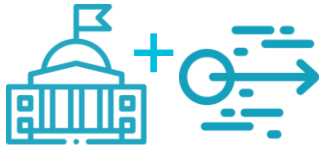
Section 2: Recommendations

Although concerned stakeholders have taken a proactive approach to support the FinTech ecosystem, they need to increase their effectiveness (1/2)

Challenges

Struggling with the lack of investor-led funding, startups look toward government stimulus packages.[1] However, inadequate information in the public domain and clarity on how to avail these opportunities prove to be barriers for startups.

Who should intervene?



What should be done?

- **Disseminate information freely and clearly:** While the government offers many funding programs, policymakers fail to communicate relevant details to startups. The government can display policy interventions on its portals and popular social media channels to enhance the circulation of program-related information in the FinTech ecosystem. Startups are highly tech-oriented and regularly use channels like Twitter, LinkedIn, and Instagram to engage with their customers, advertise products, and generate visibility. Policymakers can connect with startups through such channels and select appropriate startups for funding and incubation.

- **Identify, amplify and connect:** Based on their industry experience, accelerators can bridge knowledge gaps around funding opportunities for startups. They can act as advisors and "identify, amplify, and connect" startups with avenues for funding from the government and other funding agencies.

[1] Several FinTech startups we interacted with during our research echoed this sentiment. They find it difficult to access information and avail the government's COVID-19-focused packages. FinTechs are keen to engage with industry experts, such as accelerators and incubators, to develop their products and platform. It allows them to refine their solutions and business practices and boosts their confidence to pitch for funds in the open market.

Policymakers Investors Accelerators startup teams and FinTechs

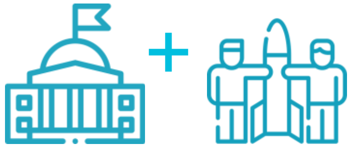
Although concerned stakeholders have taken a proactive approach to support the FinTech ecosystem, they need to increase their effectiveness (2/2)

Challenges

Lengthy administrative procedures: It takes considerable time for FinTech startups to begin operations since administrative components often stagnate at multiple stages of establishment. For example, procedures that involve paper-based documentation and the use of canceled bank checks by government departments to verify accounts hinder the momentum of startups.

Lack of connections: Early-to-mid stage startups lack connections with industry experts, investors and accelerators. New to the space, they also lack the awareness to connect with third parties to accelerate their development and growth.

Who should intervene?



What should be done?

- **Streamline procedures essential to doing business:** Policymakers must create online registration portals for startups to register and begin operations. They can supplement these efforts with e-KYC processes to reduce the time taken to begin operations. These interventions will enable a transition from the current unfavorable climate for early-phase FinTechs to an entrepreneurial culture in the FinTech ecosystem.
- **Use FinTech expertise for the ecosystem:** FinTechs have superior tech backgrounds and can develop tech infrastructure for third parties, such as government departments. They have developed several tech solutions for MSMEs, merchants, and customer segments. Governments can use FinTechs and their data-technology capabilities to develop tech stacks for data and solve FinTech-related challenges, such as reducing the turnaround time on verification and integration and gaps in the information displayed on portals. FinTechs can also help develop applications for distributing government's notifications or circulars relevant to FinTechs.

- **Encourage cooperation and cohesion:** Investors and accelerators should combine their knowledge of startups and FinTechs and create public forums to exchange information, data, and business strategies. Startups can use these forums to connect with industry partners or reach out to avenues for support.
- **Create a community of practice:** Investors and accelerators can help startups grow while creating better partnerships and overall impact on the ecosystem. If startups work on identified areas for improvement, technical assistance, and governance programs would help them achieve holistic growth through a community of practice.

Policymakers | Investors | Accelerators | startup teams and FinTechs

Section 3: Investment trends and sentiments in India's FinTech ecosystem

Investors* who had reduced investments to their portfolio startups early into the pandemic have resumed funding cautiously, but only to strong business models

Wait and watch policy

Investors have been assessing startups across different domains over a period to track their performance.

They also seek commitments from other investors before investing their funds.

Open to exploration

Investors are ready to move out of their comfort or focus domains and explore startups in other domains while tracking overall market trends.

Investment behavior

Investors have reduced their investment activities as much as they did during the first wave of the pandemic.

Sensing the new pandemic-induced normal, they continued to invest during the second wave, with the possibility of a third wave on the horizon.

Allocation of capital

Investors are only keen to fund startups that:

- Are well-established, or
- Have solid business models, or
- Have been pivoting their models and strengthening their processes and unit economics since the first wave.

Affected valuations

COVID-19 hit the valuations of many startup deals.

During the initial phases of the pandemic, investors wanted the same share in equity with lower or discounted investment values. However, this trend has started to change and sway back in favor of FinTechs.

Recovery and expectations

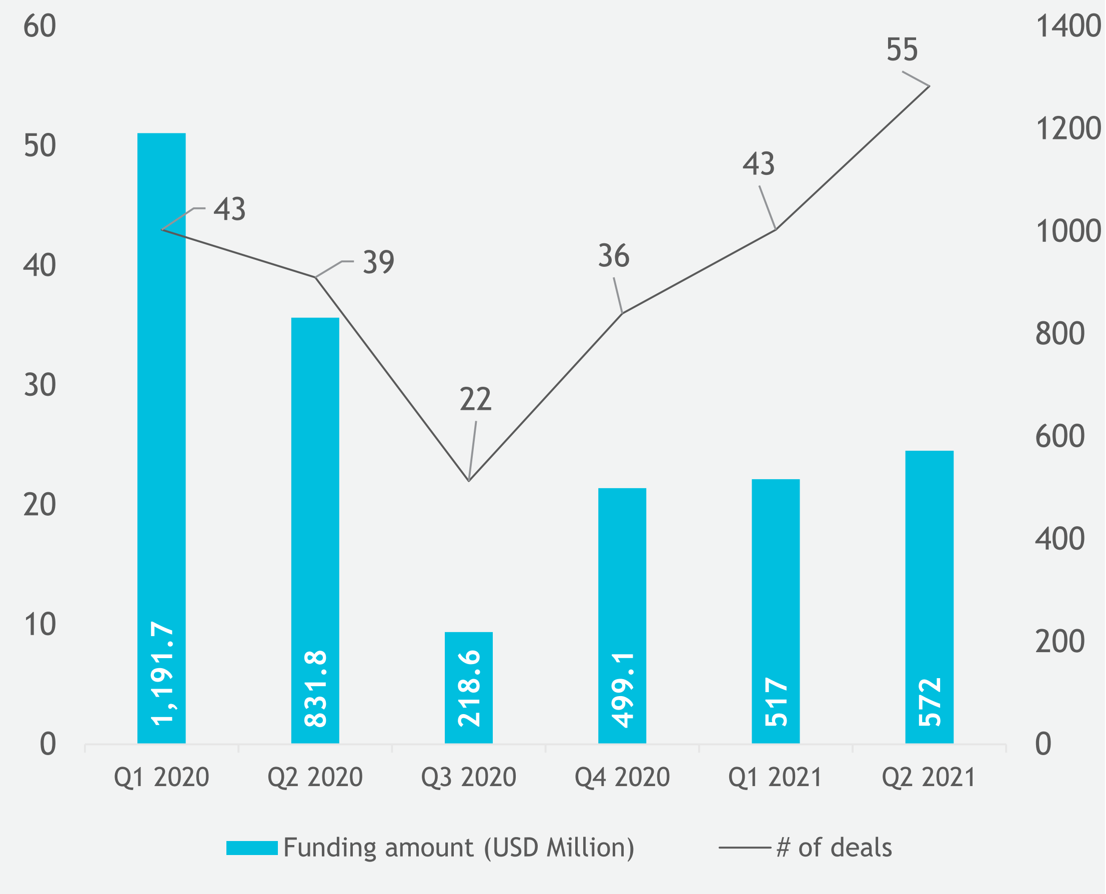
Many startups only saw their first glimpse of receivable from the market post the first wave of the pandemic.

Hence, investors have become less sympathetic to underperforming startups and expect portfolio companies to generate cash-flows and profits.

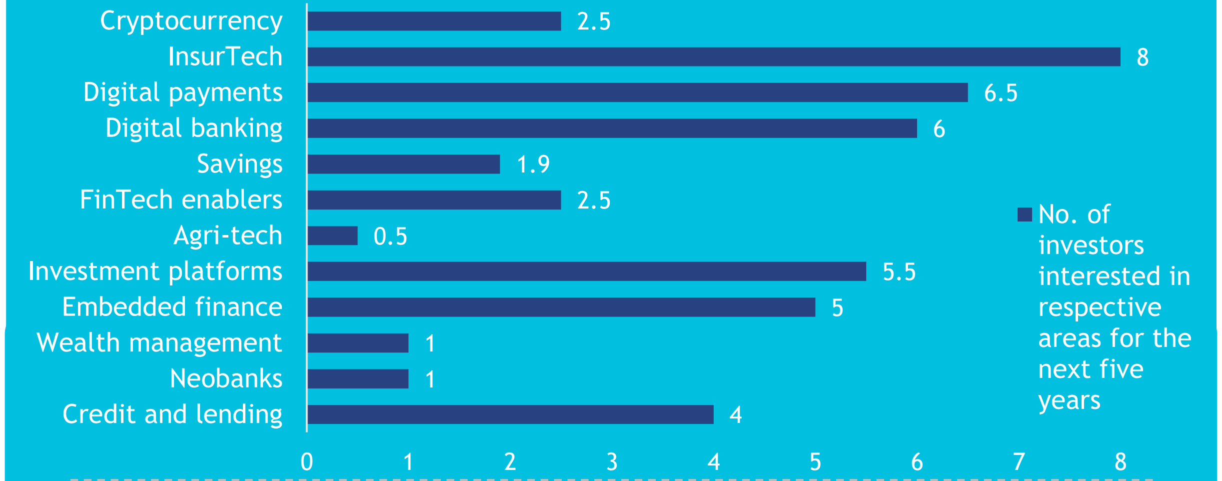
*Angels, VCs, donors

India's FinTechs have received cumulative investments worth more than USD 7 billion since 2019, and we expect it to grow substantially in the near term

The amount of funding[1] received by FinTechs declined by 25.18% from Q1 2020 to Q1 2021. Despite this decline, the number of deals received by the sector has been growing slowly but steadily



According to a Catalyst Fund survey[2], Indian and global investors are excited about InsurTechs, digital payments, and digital banking models, among others and are looking to invest in strong business cases



A new trend: Indian cryptocurrency-based startups have started attracting international funds,[4] but Indian funders are still reluctant to invest in this booming sector.

7% the CAGR[1] at which the Indian FinTech investment space has been growing since Q1-2019

22% the CAGR[3] at which the Indian FinTech market is expected to grow by 2025

[1]KPMG, Inc42Plus, YourStory, and MSC analysis | [2]Catalyst Fund | [3]InvestIndia.gov.in | [4]EconomicTimes

The overall outlook on the Indian FinTech funding has been positive, and payment FinTechs and InsurTechs have done exceedingly well

InsurTech

The demand for health and term life insurance, among other products, increased significantly among consumers during the pandemic.

The convenience of purchasing insurance digitally through an app has made this domain one of the most promising in customer engagement.

Also, the recent increase in the FDI limit in insurance companies from **49%** to **74%** has intensified engagement from domestic and international investors.

Lending

With players trying to mitigate losses and diversifying into other fields, FinTechs of this domain remained active during most of the pandemic.

Investor sentiments have remained neutral[1] since our last report.

In the first half of 2021, Indian credit FinTechs received **INR 20.6 billion**[2] **(USD 280 million)** across **30** deals, compared to **INR 69.09 billion**[3] **(USD 939 million)** across 56 deals in 2020. As per the CEO of Entitled, investors are only interested in proven models with assured returns.

Savings and investments

Investors have cautiously resumed funding micro-investing ,savings, and investment platforms.

Customers showed a tendency towards digital savings and virtual investment instruments during the pandemic. This saw substantial onboarding of customers in 2021.

These platforms have onboarded new customers with low minimum saving requirements and high liquidity. Customers can withdraw their funds within 24 hours and get interest as per market trends.

Digital payments and enablers

Digital payments have remained the most active domain for investors since the onset of the pandemic.

They received a boost from increased customer activity and support from policymakers and concerned government departments.

PFM startups have seen new customers owing to awareness around the need for savings during the pandemic. Consequently, investors are more interested in these startups.

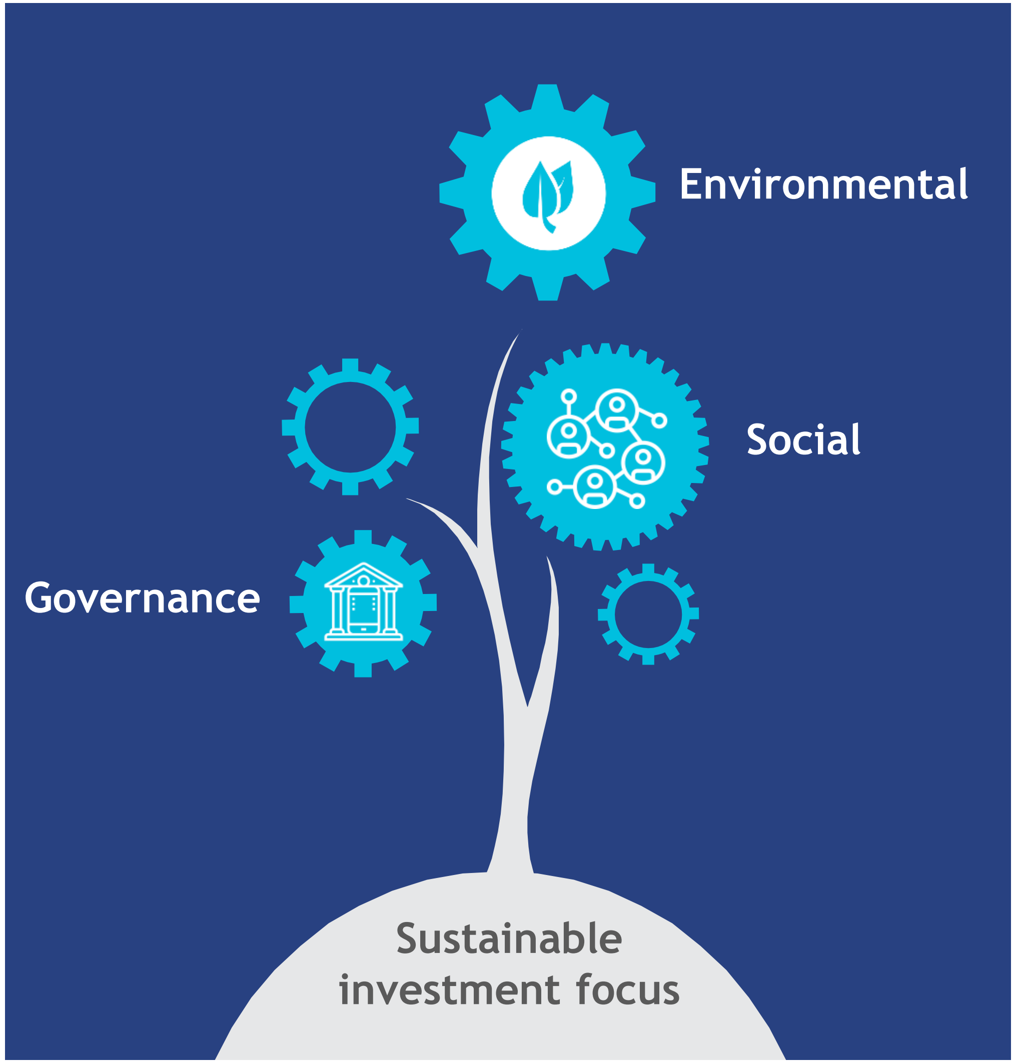
Agri FinTechs

Agri FinTechs witnessed increased traction from agri-focused investors while attracting other investors who seek to explore new opportunities in this sector and diversify their portfolios.

FinTechs focused on agri-based value chains, have begun expanding into retail and food-processing value chains. These FinTechs have seamlessly raised funds from Indian and foreign investors due to the increasing need for agri FinTechs.

[1]MSC analysis | [2]YourStory | [3]Inc42 | H1 = Jan-Jun

The global trend of sustainable investing with a focus on environmental, social, and governance (ESG) factors has gained traction in India as well



- ESG has been emerging as a notable decisive parameter in investment.
- ESG investing encompasses those investment practices, which seek financial returns while simultaneously creating a positive impact on environmental, societal, and governance issues.
- The pandemic has been a wake-up call for companies. It has highlighted the need to include ESG factors in their corporate strategies to manage risks and returns and ensure the development of resilient systems for long-term value creation.

Awareness of ESG continues to increase in India, though the concept remains nascent among stakeholders, including investors

E "Environment" is not a critical factor to assess FinTech companies since their carbon footprint is usually relatively low. However, investors favor agri FinTechs that offer environment-friendly solutions.

S FinTechs might need to focus on the "social" aspect of the equation since some investors have started to assess the approach of FinTechs toward financial inclusion, social impact, and other impact metrics.

G A company is considered compliant under "governance" if it is ethical in its financial disclosures and can sustain the highest governance standards. Investors prefer such companies since they can be assured that there exist no compliance or regulatory issues.

Though ESG is regarded as the new horizon for FinTechs and investors, the lack of clarity and information around it is a challenge in India

Globally, FY 2021 has been groundbreaking for ESG funds

- Allocation of ESG-focused funds across investment portfolios increased at **32%** in Asia, especially in India.[1]
- According to a Morningstar report, the number of global ESG funds has doubled since 2018. In India, too, the funds have **doubled in the past six months**. Currently, the overall Assets Under Management (AUM) of ESG funds is at INR 18.5 trillion (~USD 250 billion).

Major concerns with ESG funds in India:

1
- The method to determine the ESG scores for a company is highly subjective. The lack of a streamlined framework and established norms determine if a stock is suited to ESG.

2
- The data to correctly assess a company's ESG footprint is not easy to access.
- Accurate assessment of a company on ESG parameters requires reporting on the company's part to cover all sub-parameters under ESG.

3
- Most funds lack a track record of performance. Therefore, investors will have to base their decisions solely on the market view and personal investment preferences.

Bloomberg forecasts that global ESG assets could exceed USD 50 trillion by 2025[2]

- SEBI recently mandated that the top 1,000 listed companies need to adopt an ESG model from 2022—Business Responsibility and Sustainability Reporting (BRSR).
- The new model is designed to merge with global ESG standards, such as the Global Reporting Initiative, Sustainability Accounting Standards Board, and the Task Force on Climate-related Financial Disclosures.

Current ESG funds in India[3]:

1: SBI Magnum Equity ESG
- **Established:** January, 2013
- **AUM*:** INR 35.1 billion (USD 0.4 billion)
- **Expense ratio:** 2.21%
- **Return:** 8.9% per annum

2: Quantum India ESG Equity
- **Established:** July, 2019
- **AUM*:** INR 0.37 billion (USD 5 million)
- **Expense ratio:** 1.65%
- **Return:** 22.33% per annum

3: Axis ESG Equity Fund
- **Established:** February, 2020
- **AUM*:** INR 19.03 billion (USD 0.2 billion)
- **Expense ratio:** 2.12%
- **Return:** 30% per annum

[1]ClearTax | [2]Hindu | [3]Tavaga | *All AUM figures mentioned are as on 1st April, 2021

MSC

Section 4: The role and impact of ecosystem players on FinTechs

Regulators, policymakers, and accelerators have introduced various measures to help FinTechs and MSMEs overcome the COVID-induced crisis

RBI

01

The Reserve Bank of India (RBI) announced some measures to increase credit infusion in the micro, small, and medium enterprise (MSME) sector. It allowed scheduled commercial banks to deduct disbursed amount up to **INR 2.5 million**[1] **(~USD 33.5K)** from the net demand and time liabilities (NDTL) of new MSME borrowers to calculate the Cash Reserve Ratio (CRR).

Impact: This move should motivate banks to lend more to MSME borrowers, which will help MSMEs infuse capital into their business.

SEBI

02

The Securities and Exchange Board of India (SEBI) revised[3] the objective and eligibility criteria of its innovation sandbox. The objective was to help create a wider ecosystem, which promotes innovation in the securities market.

Impact: FinTech startups that seek to enter the capital market can access market-related data and test environments. This will help them expand into the capital market and diversify their product portfolio.

IRDAI

03

The Insurance Regulatory Authority of India (IRDAI) extended the timeline for issuing of electronic policies, with no compulsion for physical signatures on the policy proposal form up to **30th September, 2021.**[2]

Impact: This move will further allow InsurTechs and other insurance providers to conduct operations remotely. They do not need to send agents to customer locations to collect physical signatures, which reduces the staff's exposure to COVID-19 and helps companies save on-field operational expenditure.

Accelerators

04

The Startup India Seed Fund Scheme (SISFS) was launched in April, 2021 by the government, to provide financial assistance to early-stage startups. The allocated size of the fund is **INR 9.45 billion**[4] **(~USD 127 million)**, where each startup can avail up to **INR 5 million (~USD 67K)**.

Impact: Early-stage FinTechs can use the funds for proof of concept, prototyping, product trials, market entry and commercialization, among others, and infuse capital wherever necessary.

[1]RBI | [2]IRDAI | [3]SEBI | [4]startupIndia

Policy measures introduced by the government and regulators to mitigate the impact of COVID-19 on FinTechs will have a net positive effect on the FinTech ecosystem (1/2)

Policies	Impact	Insights
GoI launched the ECLGS as a special scheme in view of COVID-19. The scheme provides 100% coverage to banks and NBFCs to enable the extension of emergency credit to enterprises/ MSMEs, to meet their working capital needs. As per RBI guidelines, the government has **increased the tenure[1] for the ECLGS 1.0 repayment period from four years to five years**. Now, the borrowers will only have to pay the interest amount for the first 24 months, then repay the principal and interest amount for the last 36 months of their repayment tenure.	Positive impact, Direct impact	• Though this policy is expected to benefit many startups, strict eligibility requirements and tedious processes deterred them from applying and availing this benefit. • Nonetheless, the extension of repayment tenures will help startups that managed to avail this benefit. These startups can now retain their capital for an extended time before they need to repay the principal amount of the loan.
As per the latest Union Budget announcement, the government has **earmarked INR 15 billion[2]** (~USD 201.7 million) for a new fund to accelerate the growth of digital payments and incentivize businesses to offer digital payment solutions.	Positive impact, Direct impact	• Several industry players believe that this allocation could help mitigate the losses incurred by companies involved in the digital payments ecosystem due to the waiver of Merchant Discount Rates (MDR) on Unified Payments Interface (UPI) and RuPay, announced by the Finance Ministry in December, 2019.
The latest Union Budget[3] **extended the eligibility for startups to claim tax holidays** by a year to March, 2022.	Positive impact, Direct impact	• Startups incorporated between April 2016 - March 2022 are eligible for a 100% tax rebate on profit for 3 years, if their total turnover does not exceed INR 1 billion (~USD 13.44 million). • This move will encourage new investments and help startups retain their working capital for longer.

[1]PIB \| [2]PIB \| [3]EconomicTimes

D Direct impact   I Indirect impact   Positive impact   Negative impact   Neutral impact

Policy measures introduced by the government and regulators to mitigate the impact of COVID-19 on FinTechs will have a net positive effect on the FinTech ecosystem (2/2)

Policies	Impact	Insights
The NPCI introduced a volume cap[1] on third-party application providers (TPAP) in UPI, effective from 1st January, 2021. The circular mandates that no TPAP can exceed 30% of the volume of UPI transactions in a month, compared to the preceding three months. This move is targeted mainly at prominent players that currently hold a significant share of the UPI market.	Negative, D	The circular states that NPCI seeks to reach a billion transactions per day through UPI by encouraging new players to enter the market and gain customer traction. However, larger players currently account for more than 90% of UPI transactions. Limiting their activity could reduce overall UPI usage, considering that customers will take time to notice new players. Such new entrants will also need time to reach their optimum performance.
The IT Department has relaxed **Section 56(2)** (viii) (b) of the Income Tax Act, commonly called "Angel Tax." This tax compels startups to pay up to 30% of their angel investment to the government if the amount is higher than the Fair Market Value (FMV). The relaxation offers tax exemption of up to 100% if startups meet certain pre-decided conditions.[2]	Positive, I	Startups and investors have been pressing for the relaxation since the introduction of Angel Tax in 2012, since it is imposed only on resident investors and not on non-resident investors and venture capital funds. The changes from GoI mean that a company will be considered a startup for the first 10 years, compared to the earlier seven. Hence, exempting startups from income tax for an extra three years.
In the latest Union Budget, the Finance Minister further amended the FDI cap in the insurance sector, with the **upper limit increased from 49% to 74%.**[3]	Positive, D	The amendment would allow foreign entities to own and control insurance companies thus attracting overseas capital for InsurTechs. Beyond increasing avenues for Indians to buy insurance, this move will help improve the quality of insurance products owing to competition in the market.

[1]NPCI \| [2]RazorPay \| [3]Livemint

D Direct impact I Indirect impact Positive impact Negative impact Neutral impact

Section 5: Coping strategies adopted by FinTechs

FinTechs adopted various coping strategies, often a mix of six broad strategies, to survive and sustain their businesses in the new normal (1/2)

Product-based changes and diversification

- Digital platforms have widened their offerings to include compatible services, such as bookkeeping with lending on their platforms. These value additions have helped increase "customer stickiness."
- FinTechs continue to add new features to their products, such as simpler interfaces to attract customers and increased compatibility with other platforms. Established, app-based FinTech platforms have been trying to transform into super apps by addressing the various needs of larger customer segments.

Exploring new ways to do business

- As FinTechs pivot entirely toward digital channels, they seek to make the most of it. Using digital channels allows FinTechs to reach further, at lower costs. This strategy enables FinTechs connect with customers digitally and expand their serviceable geographies aggressively within and outside the country.
- For example, Bridge2Capital has started to partner with brands and stakeholders to source customers from their supply chains. This move has helped Bridge2Capital onboard customers at low customer acquisition cost across the country without extending its physical presence to these areas.

Revamping processes through digitalization

- As the adoption of digital channels continues to increase after COVID-19, FinTechs have started to use this newfound "digital comfort" to push their products and services to the market. This allows FinTechs to target different customer segments based on their digital awareness and technological capabilities. Social media platforms also help Fin Techs reach customers more efficiently and at a lower cost.
- FinTechs have increased digital interaction with customers across all customer touchpoints, from onboarding them to providing customer support. They have been using channels like WhatsApp and Facebook in the absence of physical interaction.

FinTechs adopted various coping strategies, often a mix of six broad strategies, to survive and sustain their businesses in the new normal (1/2)

Reprioritizing organizational expenditure

- The pandemic helped some FinTechs gain perspective on restricting expenses to extend their runway.
- FinTechs seek to eliminate operational redundancies and manage financial risks in a more controlled manner. To manage risks, they have been making careful asset investments after due diligence. They also swap fixed costs for variable costs at every opportunity.

Increasing revenue streams

- Several platforms, such as Numer8, that provided free services through digital channels have started charging a fee with a minimal subscription amount to keep the cash flowing into their business.
- FinTechs have also started to add new products that complement their existing offerings, such as insurance and bookkeeping services.
- Some FinTechs now offer subsidiary products based on their capabilities. An InsurTech in our sample has started offering insurance underwriting for open-market customers based on the algorithm for platform-based customers.

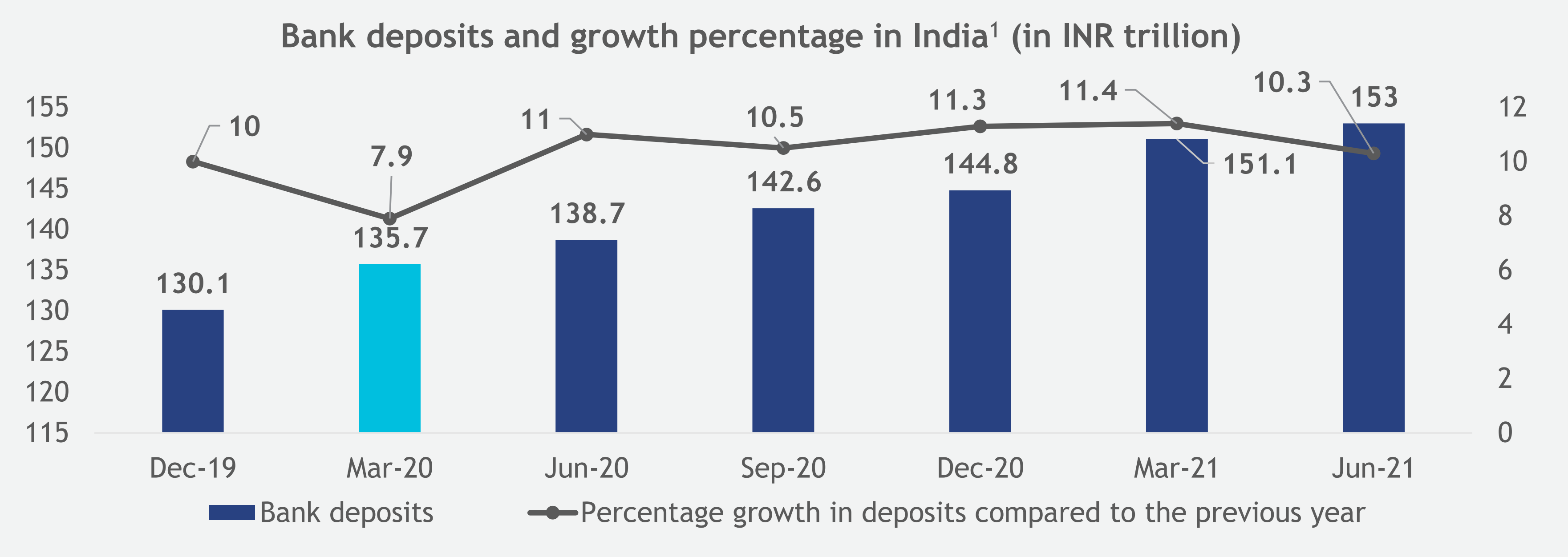
Collaboration and "coopetition"[1]

- FinTechs across different domains seek to partner with relevant businesses to expand the reach of their products and services, among other advantages. Some credit FinTechs have partnered with large NBFCs to offer a seamless customer interface for credit products while connecting with a wider range of customers across larger geographies.
- FinTechs establish such partnerships after proper due diligence to gain a strategic advantage over the competition and the current scenario.
- Interestingly, FinTechs have also started to collaborate with their competitors—coopetition—in areas or avenues where they see a win-win scenario. A recent example is Fundfina's partnership with Lendbox.

[1]Coopetition = competition + cooperation

Section 6: Impact of COVID-19 on FinTechs

Household savings dipped during the pandemic's second wave, but it encouraged customers to diversify into investments such as mutual funds



- Bank deposit-based savings in India showed an inverse relationship with COVID-19 infection rates. Savings reduced as the cases increased and grew when cases dropped.[2]
- Despite uncertainty in the Indian financial market, customers continued to invest their money in various ways. These avenues include liquid funds, ultra-short duration funds, floater funds, equity-linked saving schemes, and dynamic asset allocation funds.

- The ratio of household (bank) deposits to the GDP declined to **3% in Q3 2020 from 7.7% in** the previous quarter. As per RBI, the preliminary estimate of household financial savings was **8.2% of GDP in Q3 2020**, reflecting a sequential moderation for the second consecutive quarter after it **spiked** in the pandemic-hit first quarter of 2020.[3]
- The decline in household financial assets drove moderation, which significantly altered the flow of household financial liabilities.
- Savings FinTechs remained largely unaffected by this and continued to grow during 2020-21. A savings FinTech in our research sample recorded **65%** growth in revenue and a **120%** increase in customer onboarding on its platform. Similarly, another FinTech in our research sample processed more than **INR 15 million (USD 0.2 million)** transactions on the platform in the first six months of 2021. This figure was higher than the total transactions it recorded over 2020. It indicates the awareness and proactive approach of customers to continue saving and investing to protect their funds and fight the economic uncertainties brought by COVID-19.

[1]Care Ratings | [2]Indian Express | [3]RBI

Customer awareness on the need for savings and investment resulted in high usage of FinTech platforms, especially among women

Key target segments

- Urban youth
- Blue-collar workers
- Gig workers

Key models

- Gamified savings
- Digital ROSCAs
- Gold-based savings

Primary drivers after the second wave of COVID-19

- Investing in liquid funds that can be tracked digitally
- Opening-up of industries which employ gig workers
- Customized, “pocket-friendly” products for goal-based savings

Impact on product

- FinTechs have begun to offer more resilient products during the economic crisis, such as **digital gold and mutual funds.**
- The popularity of connecting savings and investment products to **gamified models is on the rise**[1].
- The development of niche products specific to employee segments, such as **COVID-19 specific savings products for essential and healthcare workers, has** helped boost product usage across platforms. It also allows the entry of new customer segments. For example, Entitled launched a gold-based savings product exclusively for healthcare workers.

Impact on customers

- **The participation of women customers** in savings FinTechs has increased due to increasing comfort with digital interfaces during the pandemic. For example, a FinTech in our sample had almost **98% women customers,** while other savings FinTechs had just 15% of women customers.
- **Urban youth**, particularly those in the age group of 24-27, have been becoming more aware of the need for savings. They have started to invest through new instruments, such as **game funds.**[2]

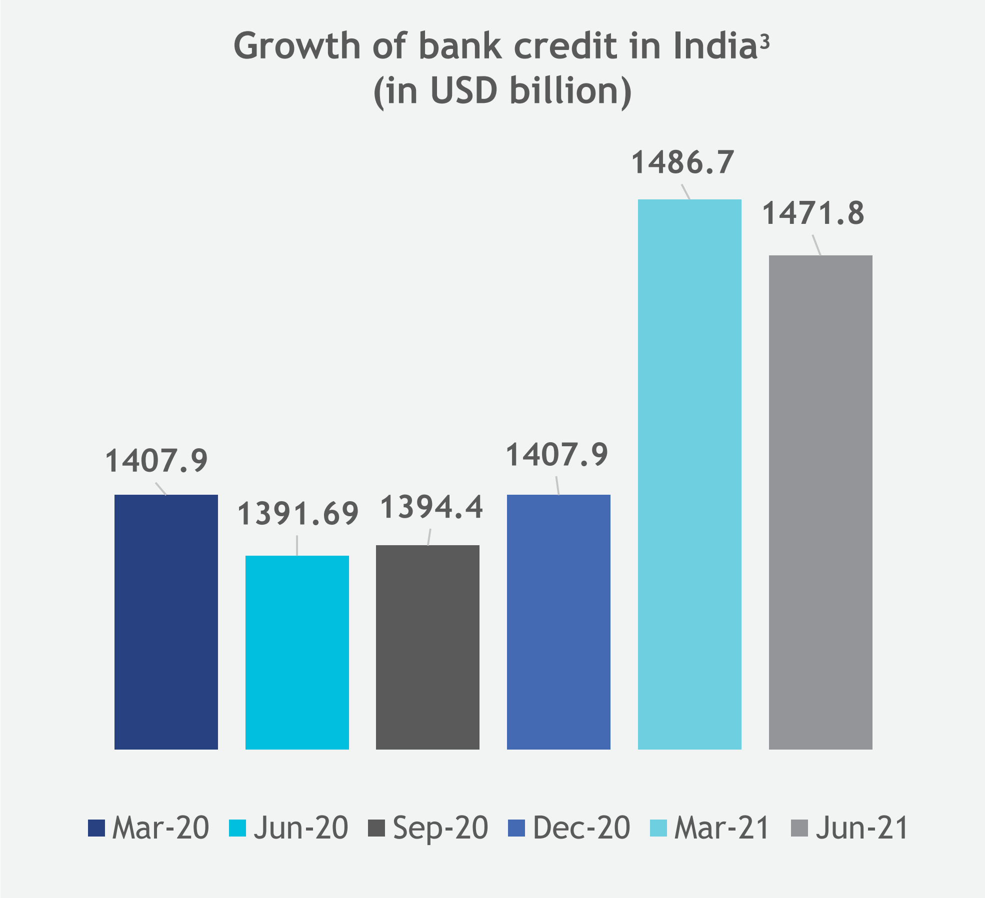
Impact on business generation

- Savings FinTechs used the pandemic as motivation to **lower their operational costs** and preserve capital.
- FinTechs have further **digitalized their processes and interfaces** for customers to watch and track their savings closely. These features offer daily statistics and trends to engage the “investment mindset” in customers.
- FinTechs dealing with mutual funds saw growth as the Net AUM increased by INR 2.8 trillion **(USD 37.6 billion)** over Q2 of 2021.

1 MSC analysis | [2]Game funds are mutual funds or other liquid funds that offer reward points or tickets for platform-based games, such as *Tambola*.

Credit FinTechs could not compete with bank credit in 2020* and had to wait until 2021 to collect their loans; refining business models and rolling out new products was the only way to attract investor attention

- Loan originations went down significantly in the first two quarters of 2020 as compared to the previous year. Personal loans saw a significant fall in fresh loan disbursements with a negative growth rate of **71% in Q3 2020** compared to Q1 2020.[1]
- Credit FinTechs and NBFCs could capture only **13%** of the market share over Q3 2020. Bank credit remained steady and began to grow in Q4 2020, as reflected in the adjacent graph.
- As FinTechs pivoted their products and business models to cope with new market conditions, investors became more active toward the end of 2020. Investments worth **INR 198.8 billion (USD 2.7 billion)** were made in Q1 2021 itself.[2]
- Most credit FinTechs **collected their loans in the first quarter of 2021**, after the 2020 moratorium. This move affected their operations as they had to spread their capital thin across business needs. Further, credit FinTechs restricted the disbursement of new loans to borrowers until there was certainty in the market around repayment of loans.
- However, the second wave of COVID-19 in March impacted credit FinTechs noticeably. Customers preferred to save and use only their savings to meet expenses, rather than increase their debt.
- According to empirical evidence, investors are ready to lend to solid business models that ensure returns. Engaging in new commitments may be risky, so investors have poured funds into FinTechs that have proven their business model. At the same time, early-stage startups find it difficult to get the same kind of attention from funders, investors, and VCs.



*In an uncertain 2020, customer trust remained strong with banks as they felt safer than FinTechs: MSC analysis | [1]SIDBI | [2]Inc42 | [3] Care Ratings

Nevertheless, Credit FinTechs recovered from the pandemic and engaged new customer segments by rolling out ancillary products

Key target segments

- MSMEs
- Blue-collar segment
- Gig sector workers

Key models

- Working capital-based invoice financing
- Need-specific personal loans

Primary drivers post second wave of COVID-19

- Increase in income after moratorium and lockdowns
- High demand for micro-credit from the LMI segment
- A rise in digital readiness of customers to interact with FinTechs, through their platforms

Impact on product

- **"Buy now, pay later" models** have attracted new customers to credit FinTechs with this digital credit card-like payment option.
- **Merchant financing** has grown sharply with invoice-based financing offered by credit FinTechs for micro and nano MSME units[1].
- Based on unique customer needs, **FinTechs have customized the product offerings**. They **improved the uptake** of new products by explicitly targeting **low-risk customers in multiple segments.**
- A drastic fall in P2P lending and salary advances due to delinquencies and defaults has led to a **proportional fall in usage** for many startups in these sub-domains.

Impact on customers

- As economic opportunities increased, **blue-collar employees** and **gig segment workers** engaged with credit FinTechs for **customized, small-ticket products disbursed and collected digitally**.
- **Retail merchant segments have become an important customer group** for credit FinTechs as many of them operated during the pandemic as providers of essential goods and services. Hence, FinTechs started to offer them credit along with merchant solutions, such as **bookkeeping, accounting, and settlements.**

Impact on business generation

- Credit FinTechs have **liaised with employers** through B2B models to **onboard** their employees. They use employers and brands as partners to identify customers to offer credit to.
- Partnerships increased between **credit FinTechs and gig sector players** since their field-runners provided essential delivery and payment services even during the peak of COVID-19 in the year. This created a steady inflow of customers for credit FinTechs. For example, Entitled partnered with Swiggy to source runners who needed credit, insurance, and savings plans.
- Similarly, GRAMePAY partnered with financial institutions such as **RRBs, cooperative banks,** and **PACS** to act as a retail arm, offering **credit and insurance** in rural areas through their network of sales staff.

[1] YourStory

Our analysis of savings and credit trends1 indicates an inverse relationship between these financial habits

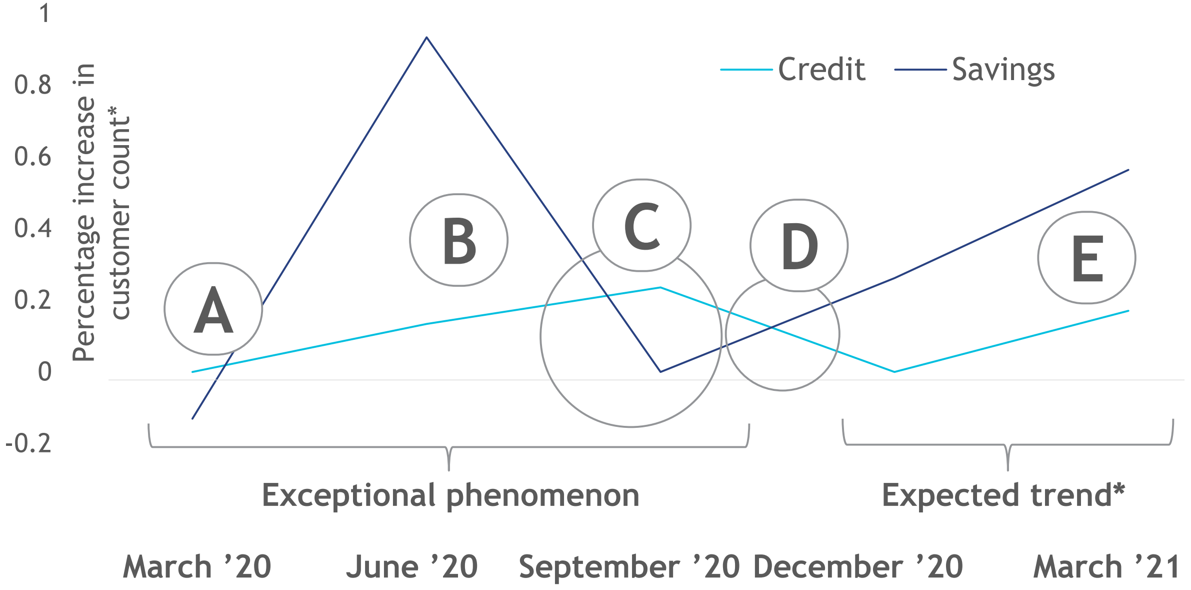
- Credit FinTechs reduced the number of loan disbursements around March, 2020 due to uncertainty around the pandemic, followed by the moratorium announced by RBI. **(Point A)**
- As the credit flow into the market slowed down, Indians explored various savings options and interacted more with savings FinTechs. **(Point B)**
- As the pandemic seemed to improve toward September, 2020, savings began to drop again, and credit disbursements started to rise slowly. **(Interaction point 1: C)**

This shows the tendency of people to minimize debt and build their savings during peak times of COVID-19

- However, toward December, savings once again reduced as credit disbursements increased in the market. **(Interaction point 2: D)**
- After December, 2020, both savings and credit usage increased, indicating a return to normalcy after the pandemic.* **(Point E)**

This reflects customer awareness about the need for savings, a trend that continued well into 2021.

In this graph, we have used the number of customers on credit and savings platforms as an indicator of the demand for these financial habits to create a supply-side analysis



[1]**About the dataset:**

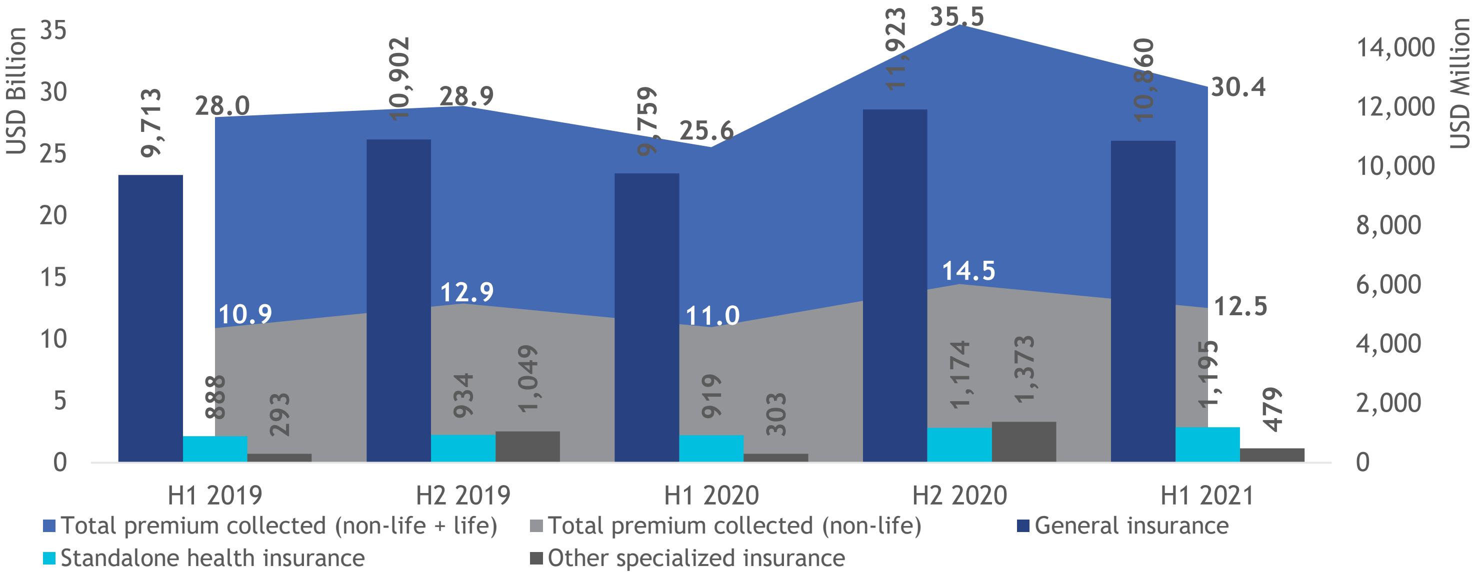
- We took data from 26 FinTech startups identified for support in the four cohorts of the FI Lab.
- From all the parameters available, we used the quarterly increase in customer count to analyze savings and credit FinTechs. Data from 2019 to 2021 was available for each quarter.

*As per consistent market trends of recent years, we see that credit and savings show parallel usage from customer segments

Percentage increase in customer count* = 100 x customer increase/original no. of customers

InsurTechs showed impressive business growth and scaled their operations to new geographies

Gross direct premium underwritten by Indian insurers (both life[1] and non-life[2]) from H1-2019 up to H1-2021 is growing - COVID-19 has further accentuated the growth



- In the second half of 2020, IRDAI's mandate for insurers to offer COVID-19 coverage as part of their policies drove more Indians to sign up for life insurance policies. This resulted in an impressive **23%** Y-o-Y growth in the premiums collected.
- The **end of the grace period**[3] offered by IRDAI to pay premiums (30th July, 2020) also contributed to this **spike** as people waited until July, 2020 to pay premiums.
- The number of inquiries for insurance policies has seen significant growth since the second half of 2020. A startup in our sample received **more than 25,000 requests** regarding COVID-related policies in the first half of 2021.

> "We have seen a 30-fold growth in the number of inquiries for insurance products from customers."
>
> - Suvendu Prusty, Founder Director and Principal Officer, Riskcovry

InsurTechs are diversifying their product portfolio to gain investor traction and outperform their competition

- Artivatic.ai, a digital Insurance and health as a service platform, reported around **3.5 times growth** in business.
- InsurTechs used the pandemic as an opportunity to diversify their portfolio and launch new products. Entitled now offers a COVID insurance policy, which can be coupled with an accidental cover to address different customer needs.
- Portfolio diversification has also helped InsurTechs attract investments. Investors hesitant to invest in this domain due to limited demand are now eager to invest in InsurTechs due to steady growth in customer demand and the need for insurance.

[1]IRDAI | [2]IRDAI | [3]TurtleMint | H1 = Jan-Jun, H2 = Jul-Dec

The agile approach of InsurTechs to capitalize on pandemic-induced changes increased the uptake of their products

Key target segments

- Rural customers
- Farmers

Key models

- Assisted digital onboarding model
- Specialized products for unique needs

Primary drivers after the second wave of COVID-19

- Convenience of availing insurance products through digital channels
- Fear caused by COVID-19
- Increased awareness of affordable and need-specific insurance products

Impact on product

- Micro-insurance[1] products remain popular since the last phase of our research (July, 2020 – March, 2021) as they cater to specific needs of customers for particular periods across different income segments, for a much lower premium on the product
- InsurTechs in our research sample have been **expanding their product portfolio and adding new features to their product.** Some have also **widened their geographical presence**. Even agri-focused InsurTechs have been diversifying into other channels like motor insurance.
- InsurTechs, through comprehensive analysis and study of customer needs, have developed **need-based COVID-19 products.**

Impact on customers

- InsurTech startups have witnessed up to ~**2x** and **~1.5x growth**[2] among total B2B and B2B2C customers, respectively.
- A startup in our sample had already sold **200,000 policies** worth **INR 1 billion (USD 13.4 million)** by the first half of 2021. This figure stood higher than its total revenue in 2020.

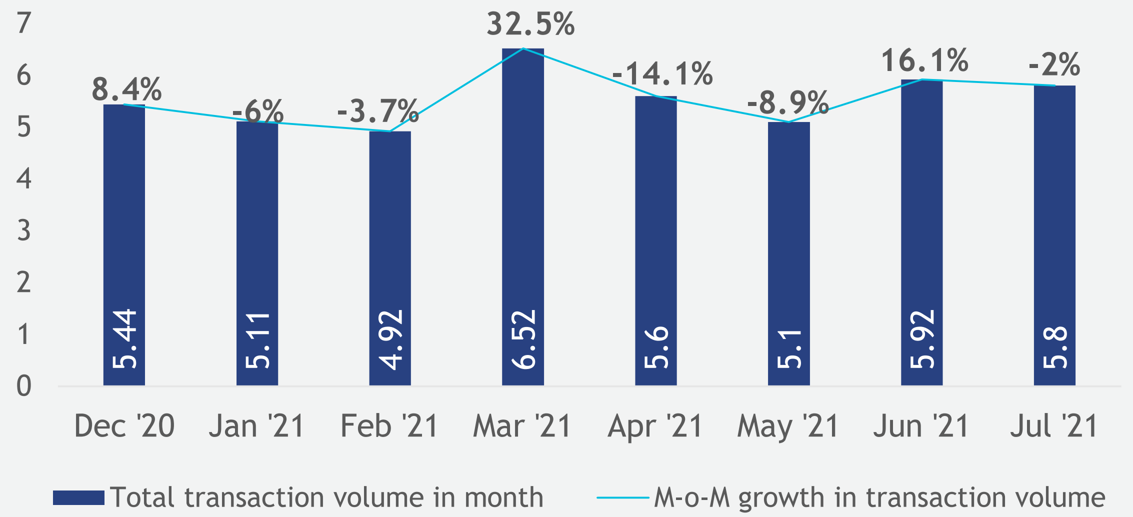
Impact on business generation

- InsurTechs have begun to use assisted digital or phygital channels, while some have been **moving toward exclusively digital** channels for onboarding and verification. This initiative has helped reduce business expenses and customer acquisition costs (CAC).
- Health, life, and general insurance have seen **high demand** and could compensate for losses in other segments, such as motor insurance.
- **Regulatory tweaks**, such as IRDAI's circular allowing issuance of electronic policies without the compulsion of physical signatures, have allowed seamless digital operations in e-KYC for InsurTechs.

[1]IRDAI | [2]MSC analysis

Digital payments continue to grow despite a slowdown during the second wave, and UPI continues to shine across all options

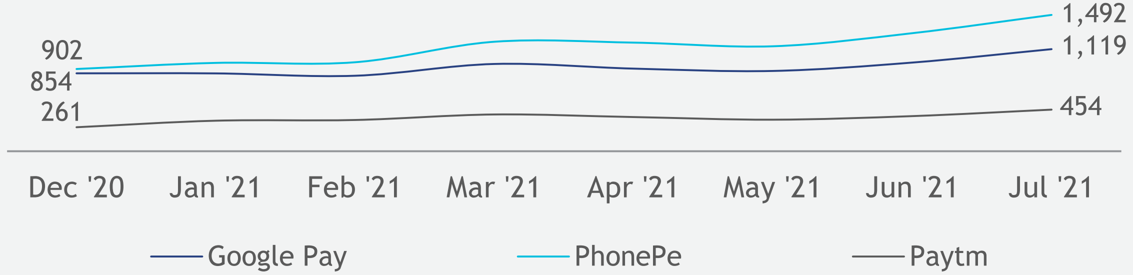
Digital payment transactions volume[1] from December, 2020 to July, 2021 (in billion)



The global pandemic has fueled large-scale adoption of digital payments and digital commerce in India

- The transaction volume of UPI grew by **~6%[2]** M-o-M from December, 2020 to July, 2021, crossing 3 billion transactions worth INR 6 trillion (~USD 81 billion) in July, 2021. With social distancing norms in place, UPI became one of the most preferred payment modes for online and offline purchases (via QR codes). Among other mobile-based payment platforms, purchases through UPI saw a **29%[3]** Y-o-Y rise in June, 2021.
- Total mobile-based payments crossed **4 billion**[*,1] transactions in July, 2021, reflecting a Y-o-Y growth of about **67%.** These payment modes have also resulted in the high growth of RBI's recently constituted Digital Payment Index (DPI). The RBI-DPI rose to 270.59 at the end of March, 2021. This number indicates an impressive Y-o-Y growth of more than **30%,**[5] which reflects improved adoption and deepening of cashless transactions in the country.

Transaction volume[4] of the top-three UPI apps (in million)



Transactions on UPI platforms grew by 117% Y-o-Y in July, 2021

- Understandably, the top three players—Google Pay, PhonePe, and Paytm, which currently command about **93% of the** market share in UPI, are against NPCI's cap of 30% on transaction volumes from 2021. So, this graph might look very different around the same time in 2022.

[1]Digidhan dashboard | [2]2.2 billion in December 2020 to 3.2 billion transactions in July 2021, as per NPCI data | [3]Financial Express | [4]NPCI | [5]RBI | *Mobile-based payments include UPI, mobile banking, PPI, and others

The continued acceleration of digital payments has spurred multi-fold growth for payment sector FinTechs

Key target segments

- E-commerce
- P2P
- P2M

Key models

- B2B payment gateways
- B2C payment apps
- Card-based FinTechs
- MSME or Kirana-tech

Primary drivers after the second wave of COVID-19

- Adoption of multi-channel payment modes by traditional businesses
- DBTs into bank accounts, which increased the digital activities of the LMI segment

Impact on product

- FinTechs across sub-domains have started **building their own digital payments channels** to navigate through core challenges. Lending FinTechs also saw it as an excellent opportunity to profit and **monetized transactions**.
- BBPS, which allows the payment of multiple types of bills, saw about **32%**[1] and **44%** increase in transaction volume and value, respectively, in Q1 FY 2021-22, compared to Q4 FY 2020-21.

Impact on customers

- In the first half of 2020, P2M transactions accounted for less than 40%2 of total UPI transactions. In the first half of 2021, these transactions increased to 45%.
- In July, 2021, P2M transactions stood at over INR 1 trillion (~USD 13 billion). Moreover, the average ticket size of P2M transactions stood at INR 720.7 (~USD 9.8) in the first half of 2021, indicating a 23%2 year-on-year increase.
- These figures reflect the customer preference in transacting digitally and the expansion of use-cases for digital payments.

Impact on business generation

- A lending FinTech startup in our sample has begun to provide kiosk banking services in rural areas by partnering with retailers and converting retail units into banking kiosks. Until now, it has converted more than 3,000 retailers into banking correspondents.
- Several FinTechs, such as Fino Payments Bank, now levy a charge for low-value P2M transactions.
- FinTechs focused more on product experience than incentives as payment FinTechs look to capitalize on contactless transactions. This move reduced the CAC by 40%.3

[1]BBPS data | [2]NPCI data and MSC analysis | [3]MSC report | H1 = Jan - Jun

Section 7: Case studies

Case study 1: GRAMePAY, a one-of-a-kind digital payments platform

GRAMePAY A Smarter way to Pay

01 GRAMePAY: Genesis

- Before October, 2020, GRAMePAY skilled rural youth and developed their capacity for formal employment in urban India.
- With the onset of COVID-19 and subsequent reverse migration in the second half of 2020, founder Jaideep Pawar realized the need to digitize payments in rural India.
- To create sustainable income streams for young, rural entrepreneurs, GRAMePAY began training a field force of BC agent-like "social entrepreneurs" (SEs), capable of offering DFS products in rural India
- With imminent announcements on the payments infrastructure from the government, GRAMePAY was ready to pivot its model to use the pandemic as a driver toward digitizing payments in rural India

How PIDF works:

- All banks and card networks must contribute to PIDF.
- The contribution is based on debit or credit card issuance volume at the rate of INR 1 per debit card and INR 3 per credit card issued.
- Card networks need to contribute INR 0.01 per 1 INR of a transaction. Card issuing banks need to pay INR 0.01 and INR 0.02 of the transaction for debit and credit cards, respectively.

02 What does GRAMePAY do?

- RBI launched The Payments Infrastructure Development Fund (PIDF) program in January, 2021 to subsidize deployment of payment acceptance infrastructure in tier-3 to tier-6 cities.
- GRAMePAY supports cooperative banks, RRBs, and other rural financial institutions to deploy payment acceptance devices and avoid penalties under PIDF for non-deployment.
- GRAMePAY also offers merchants an IRDAI-approved insurance product, GRAMeBIMA. It also continue to partner with state banks to provide working capital loans to merchants and loans to farmers.

Objective of PIDF:

- PIDF seeks to increase payments acceptance infrastructure by adding 3 million touch points comprising 1 million physical and 2 million digital payment acceptance devices every year until January, 2024.
- As per RBI, PIDF may be extended by two years if necessary to develop payment acceptance capabilities further.

03 How does GRAMePAY operate?

- Level 1: GRAMePAY trains the staff of banks or financial institutions at multiple levels on the need to build payment acceptance as mentioned under PIDF.
- Level 2: GRAMePAY onboards and trains rural youth or SEs to deploy PoS or mPoS and QR code-based payment devices to merchants for which the bank receives a subsidy of 30-50% on the cost of PoS and 50-75% for mPoS.
- GRAMePAY's SEs operate similarly to conventional BC agents, deploying devices in areas with 5-7 villages per district.

Target segment of PIDF:

- Merchants providing essential services, such as transport and hospitality
- Government payment centers
- Fuel pumps
- PDS shops
- Healthcare and *kirana* shops

MSC

GRAMePAY used the pandemic to drive financial inclusion and the acceptance of digital payments

04 How did GRAMePAY cope with COVID-19?

- **Pivot 1:** Recognizing the impact of COVID-19 on rural India, GRAMePAY entered tier-3 to tier-6 cities to support digital payments and income opportunities connected to the digitization of these areas. Expanding from Maharashtra to Uttar Pradesh, Punjab, and Haryana, more than 5,000 new SEs are expected to be onboarded in 2021
- **Pivot 2:** Partnering with multiple service providers to help their SEs earn **80-85%** on the sale of financial products from their platform
- **Pivot 3:** Diversifying current offerings beyond its insurance product GRAMeBIMA. GRAMeBAZAR and GRAMeSHIKSHA are new products in the pipeline

GRAMePAY has been selected by SIDBI and IIM Lucknow, to expand their operations to new geographies; beginning with Uttar Pradesh through the BC Sakhi Yojana which would see over 58,000 CSP agents deployed, with a significant number of female agents; and then further on to Bihar and the Eastern states of India in 2021.

05 What is the status of GRAMePAY?

Partner banks

GRAMePAY currently partners with **450 cooperative banks**, It has completed both physical and virtual training of **127 banks.**

Gender inclusion

60% of the 150 SEs **are women** since women empowerment is an integral part of GRAMePAY's mission statement.

Social entrepreneurs

GRAMePAY has **150 SEs** in Maharashtra, with the infrastructure to expand across India. It will establish operations in at least **six other states.**

Device deployment

GRAMePAY has **deployed 300 devices**, of which **90% are PoS**-based and **10% are QR-code-based,** since rural smartphone penetration is low.

Case study 2: Numer8, a digital platform to provide fisherfolk with weather advisory, market linkages, and access to formal credit (1/2)

01 What makes Numer8 unique?

1. Numer8 is an all-women-founded **startup team,** which presents a unique opportunity for the team to **drive gender inclusion, especially for customers.**

2. Numer8 works to **empower fisherfolk,** a marginalized section of the LMI segment that has **little access to open markets** outside of coastal areas.

3. Numer8 supports fisherfolk networks through **digital solutions to improve the quality** of their catch and safety in fishing operations.

4. **Women's empowerment** is an essential factor for Numer8, which it puts to action by supporting women in fishing value chains across the platform's user networks.

02 How does Numer8 do this?

1. Numer8 uses its product "Ofish" to analyze fisherfolks' problems and solve them using data analytics.

   Fisherfolk use the platform to get advisory on fishing and marine conditions.

2. Generally, fisherfolk lack capital to invest in high-tech weather advisory solutions in their fishing vessels.

   Using Numer8's hyper-local weather advisory platform, fisherfolk can choose when and where to fish and stay safe from unpredictable marine swells and storms.

3. Numer8 creates market linkages between coastal regions and inland markets to support the retail sale of fisherfolks' catch.

   The retail arm of Numer8's business supports women and empowers them as essential links in the fisheries value chain to earn income.

03 What are its new products?

Numer8 seeks to help fishing communities overcome the following four significant challenges:

1. Steadily increasing operational costs;
2. Lack of access to formal credit;
3. Low market access to areas outside coastal regions due to a highly segmented supply chain and multiple levels of intermediaries;
4. Lack of timely advisory.

Numer8 will soon launch digital credit facilitation for fisherfolk and other participants in fisheries value chains. Facilitating credit will address the lack of funds and help clients meet operational expenses.

Case study 2: Numer8, a digital platform to provide fisherfolk with weather advisory, market linkages, and access to formal credit (2/2)

Impact of the pandemic's first wave

- Numer8 turned adversity into opportunity—it devised and piloted new ideas, such as market linkage solutions for fisherfolk in multiple geographies.
- The pilots also sought to identify and form partnerships with forward and backward players in the supply chain like raw material suppliers, retailers, and customers.
- Later, Numer8 also started the retail arm of its platform to make a more detailed impact.

Impact of the pandemic's second wave

- The second wave of COVID-19 dented the startup's business revenues[1] and obstructed its operations.
- The pandemic-induced lockdowns and travel restrictions led to a severe market disconnect. Numer8 could not conduct any further pilots and physically communicate with fisherfolk across states.
- Despite these challenges, the team managed to bounce back and revive the business after the government eased restrictions on movement.
- Numer8 launched its advisory model in Sri Lanka and the Philippines. Pilots are currently underway in Bangladesh, Indonesia and Papua New Guinea.

Coping strategy

- Numer8 creates retail business for fisherfolk through better access to profitable markets and by bridging market gaps.
- Numer8 charges INR 500 (~USD 6.8) per month for advisory services on the app through a subscription model, which it earlier provided free of cost.
- It also creates strategies based on the readiness of lenders and other VC stakeholders.
- Numer8 has started exploring new categories for revenue beyond advisory and retail services.

Status

Revenue in 2020	International geographical presence:	Total users:	Monthly burn rate
USD 94.4K	**Six countries**	**5,500+** Active users: **1,700+**	**USD 9.4K**

[1]The amount was undisclosed

MSC

Section 8: Annexes

Annex 1: We interviewed 20 FinTechs across five sub-domains

Credit and lending

1

RupeeCircle.com
Borrow Better, Lend Smarter

Sub-K
SAB KE LIYE SAMRUDDHI LAYE

FinanceKaa₹t.com

BRIDGE 2 CAPITAL™

Savings and investment

1

ChitMonks®

fello

my Paisaa

smallcase

kaleidofin

InsurTechs

1

Entitled

ARTIVATIC.AI

GRAMCOVER

Riskcovry®

AgriTechs

1

Aggois

payAgri
The Agri Value Engine

FinTech enablers

1

whrrl

numer8

Finarkein Analytics

GRAMePAY
A Smarter way to Pay

NAVANA
TECHNOLOGY FOR THE NEXT BILLION USERS

MSC

Annex 2: Overview of sub-categories of FinTechs we have been tracking

Savings

Savings FinTechs have tapped into the demand for alternate and flexible investment avenues by offering mutual funds, launching bank-based saving products, and digitalizing ROSCAs.

Payment or enabler

The largest sub-category of FinTechs also includes two unicorns—startups with a valuation of USD 1 billion or above. These FinTechs largely offer services, such as P2P, e-commerce, merchants and bill-payment services, blockchain-enabled ROSCA, and BCNMs, among others.

FinTech sub-categories

Credit or lending

Credit or lending FinTechs in India cater to the customer segments financially underserved by traditional lenders, primarily through unsecured retail credit and working capital loans for MSMEs.

InsurTech

Insurance-based FinTechs which offer tailor-made, do-it-yourself, and bite-sized insurance policies to customers by themselves or through partnerships with established insurance providers.

Annex 3: Abbreviations used in the report (1/2)

	Full forms		Full forms
Agri	Agriculture	FDI	Foreign direct investment
AUM	Assets under management	FI	Financial inclusion
B2B	Business-to-business	GoI	Government of India
B2B2C	Business-to-business-to-customer	INR	Indian Rupees
B2C	Business-to-customer	IRDAI	Insurance Regulatory and Development Authority of India
B2G	Business-to-government	IT	Income tax
BBPS	Bharat Bill Payment System	KYC	Know your customer
BCNM	Business Correspondent Network Manager	LMI	Low- and moderate-income
BNPL	Buy now pay later	MDR	Merchant discount rate
BRSR	Business responsibility and sustainability reporting	MF	Mutual fund
CAC	Customer acquisition cost	MFI	Microfinance institution
CAGR	Compound annual growth rate	M-o-M	Month-on-month
CEO	Chief Executive Officer	MSC	MicroSave Consulting
COVID-19	Coronavirus disease 2019	MSME	Micro, small, and medium enterprises
CRR	Cash reserve ratio	NBFC	Non-banking financial company
CSP	Customer Service Point	NDTL	Net demand and time liabilities
DBT	Direct benefit transfer	NPCI	National Payments Corporation of India
ECLGS	Emergency Credit Line Guarantee Scheme	P2M	Person-to-merchant
ESG	Environment Social and Governance	P2P	Person-to-person

Annex 3: Abbreviations used in the report (2/2)

	Full forms
PACS	Primary Agricultural Credit Society
PE	Private equity
PFM	Personal finance management
QR	Quick response
RBI	Reserve Bank of India
ROSCA	Rotating savings and credit association
RRB	Regional rural banks
SBI	State Bank of India
SE	Social entrepreneur
SEBI	Securities and Exchange Board of India
SISFS	Startup India Seed Fund Scheme
UPI	Unified payments interface
USD	United States Dollar
VC	Venture capital
VLE	Village Level Entrepreneur
Y-o-Y	Year-on-year

MSC is recognized as the world's local expert in economic, social, and financial inclusion

International financial, social, and economic inclusion consulting firm with **20+** years of experience

>200 staff in **11** offices around the world

Projects in **~65** developing countries

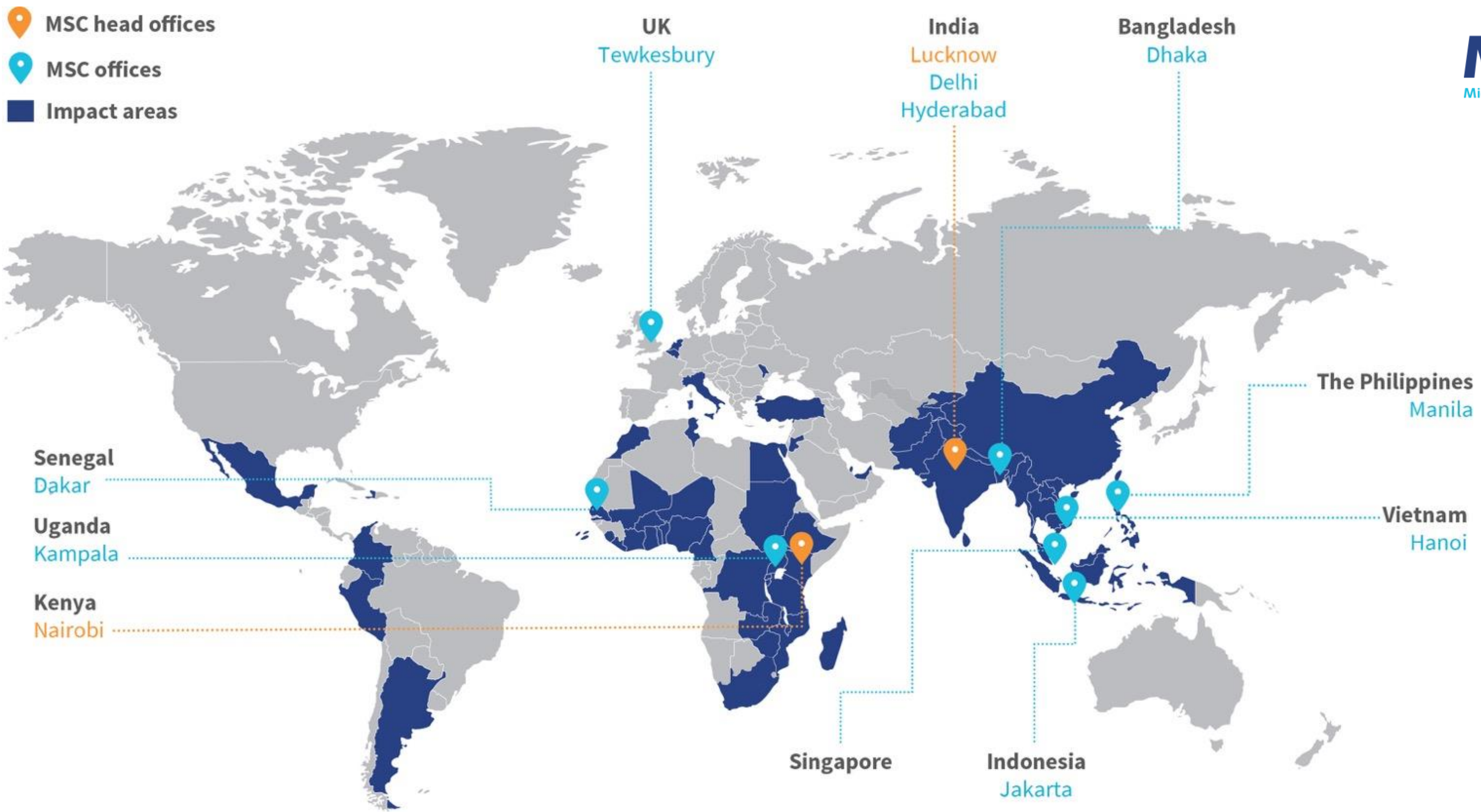
Our impact so far

>550 clients	**>1,000 publications**
Assisted development of digital G2P services used by **>875 million** people	Implemented **>875 DFS projects**
Developed **>275 FI products** and channels now used by **>55 million people**	**Trained >10,500** leading FI specialists globally

Some of our partners and clients

Bill & Melinda Gates foundation, MetLife Foundation, mastercard foundation, IFC International Finance Corporation, UNCDF, USAID, World Bank Group, CGAP, Omidyar Network, Asian Development Bank, NPCI, NITI Aayog, dfcu Bank, Equity Bank, Family Bank, FirstBank, Safaricom, Centenary Bank, m-pesa, MTN Mobile Money, Center for Global Development, airtel, vodafone, moov, UKaid, Michael & Susan Dell Foundation, OJK Otoritas Jasa Keuangan, Ecobank, CESAG, BURO Bangladesh, SCBF

MSC



MSC corporate brochure | Contact us at info@microsave.net

Asia head office

28/35, Ground Floor, Princeton Business Park,
16 Ashok Marg, Lucknow, Uttar Pradesh 226001, India
Tel: +91-522-228-8783 | Fax: +91-522-406-3773 | Email: manoj@microsave.net

Africa head office

Landmark Plaza, 5th Floor, Argwings Kodhek Road
P.O. Box 76436, Yaya 00508, Nairobi, Kenya
Tel: +254-20-272-4801/272-4806 | Email: anup@microsave.net

MSC

MicroSave Consulting