



# Digital Lending Solutions

## For NBFCs

STAY COMPETITIVE IN MARKET!

# Digital Lending Strategy for NBFCs in India

Digital lending refers to the process of lending money to customers through digital platforms. NBFCs offer digital lending services through the websites or mobile apps. Customers can apply for loans online and the entire loan process is completed digitally, from verification of documents to disbursement of funds.

NBFCs have been using digital lending to reach a wider customer base and to streamline their loan processes. The use of technology in the lending process has made it easier for NBFCs to assess the creditworthiness of customers, disburse loans quickly, and reduce the turnaround time for loan processing.







# HOW LSPs Work Along with NBFCs?

**Innovative system of lending considering customer protection**

LSPs (Lending Service Providers) are intermediaries that connect borrowers with lenders. They facilitate the lending process by providing end-to-end services such as loan origination, underwriting, disbursement, and servicing. LSPs work with Non-Banking Financial Companies (NBFCs) to provide loans to borrowers in conformity with extant outsourcing guidelines issued by the Reserve Bank. Also, LSPs shall comply with technology standards/requirements on cybersecurity stipulated by RBI and other agencies as specified.

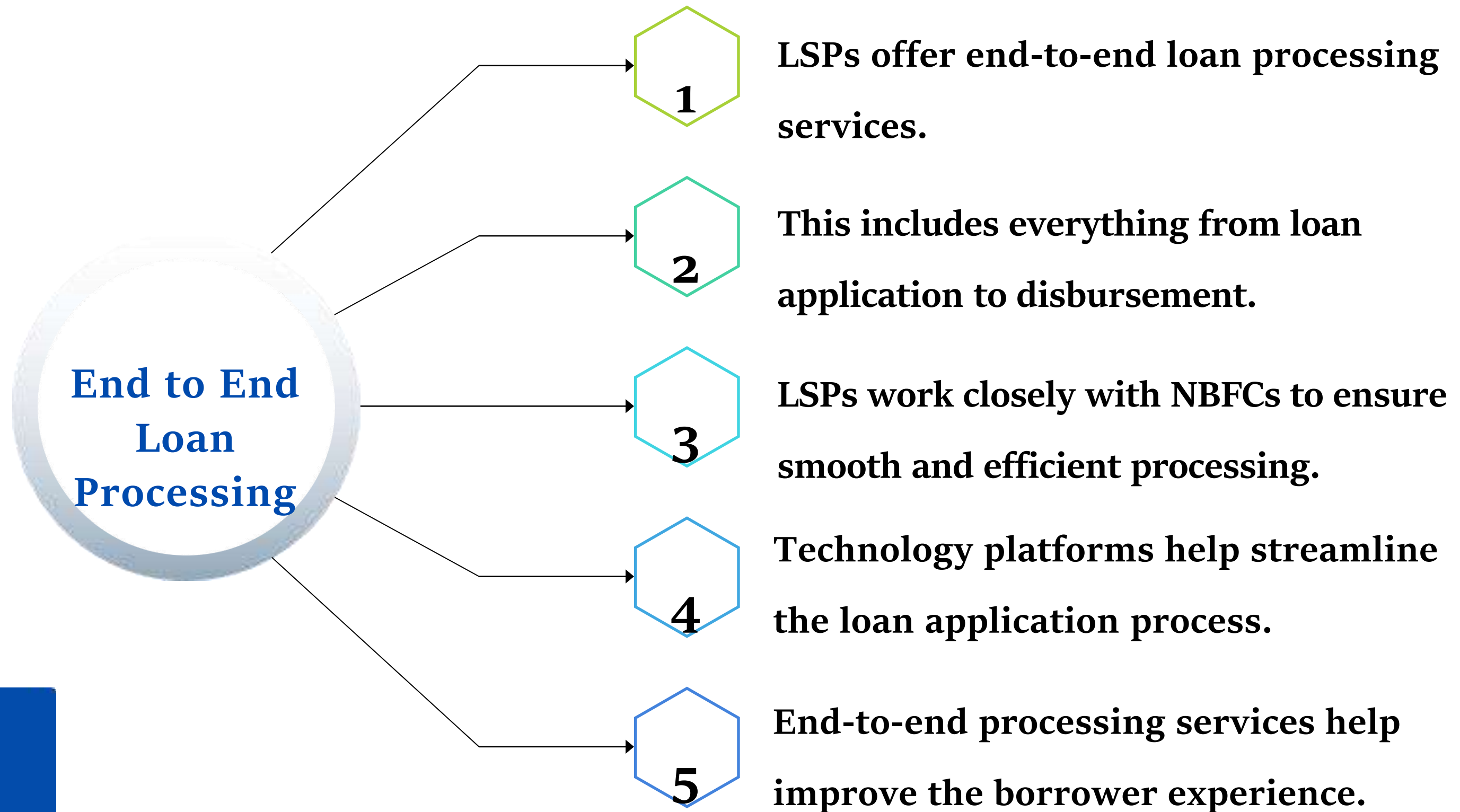






## **Partnership of LSPs with NBFCs**

- **LSPs partner with NBFCs to provide loans to borrowers.**
- **NBFCs provide funding capabilities and underwriting expertise.**
- **LSPs provide technology platforms and distribution networks.**
- **Partnerships allow both parties to leverage each other's strengths.**
- **Partnerships can help NBFCs expand their reach and customer base.**



# Risk Assessment and Underwriting

LSPs use advanced analytics and algorithms to assess creditworthiness.

Underwriting criteria help minimize the risk of loan defaults.

They work with NBFCs to develop underwriting criteria.

Risk assessment and underwriting are critical to lending decisions.

Underwriting criteria help minimize the risk of loan defaults.



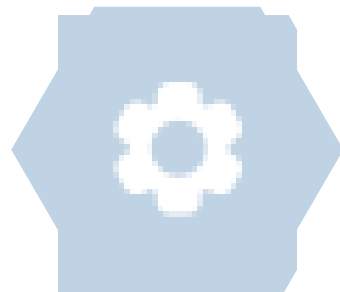




LSPs work closely with NBFCs to ensure compliance with regulatory requirements.



This includes maintaining accurate records and preparing regulatory reports.



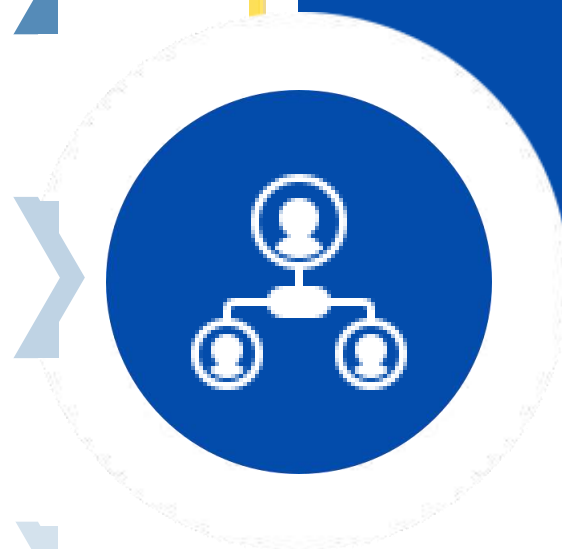
Compliance-related issues can be complex and time-consuming.



LSPs help NBFCs to navigate the regulatory landscape.



Compliance is critical to maintaining the integrity of the lending process.



## Compliance and Regulatory Requirements

**LSPs offer loan servicing  
and collection services to  
NBFCs.**

**This includes repayment  
schedules and collections  
management.**

**LSPs work to ensure a  
positive borrower  
experience throughout the  
loan lifecycle.**

**Loan servicing helps NBFCs  
to manage their loan  
portfolios.**

**Collections management  
helps minimize loan  
defaults.**





# Benefits of LSPs for NBFCs

## Reduce Operational Costs

NBFCs can outsource many of their lending functions to LSPs, which can help them save on costs associated with loan processing, underwriting, and collections.

## Better Risk Management

LSPs have a robust risk management framework that can help NBFCs to mitigate risk. LSPs use advanced technology to evaluate the creditworthiness of borrowers and ensure that they meet the necessary criteria for loan approval. This can help NBFCs to reduce the risk of default and improve their overall loan portfolio quality.

01

### Faster Loan Disbursement

The LSPs use advanced technology to evaluate the borrower's creditworthiness and disburse the loan within a few hours. This helps NBFCs to gain a competitive advantage by offering faster loan processing times to customers.

02

### Increase Efficiency

LSPs can help NBFCs increase their efficiency by automating many of their lending processes. This can help NBFCs to reduce the time and effort required to process loan applications, thus improving their overall efficiency.

03

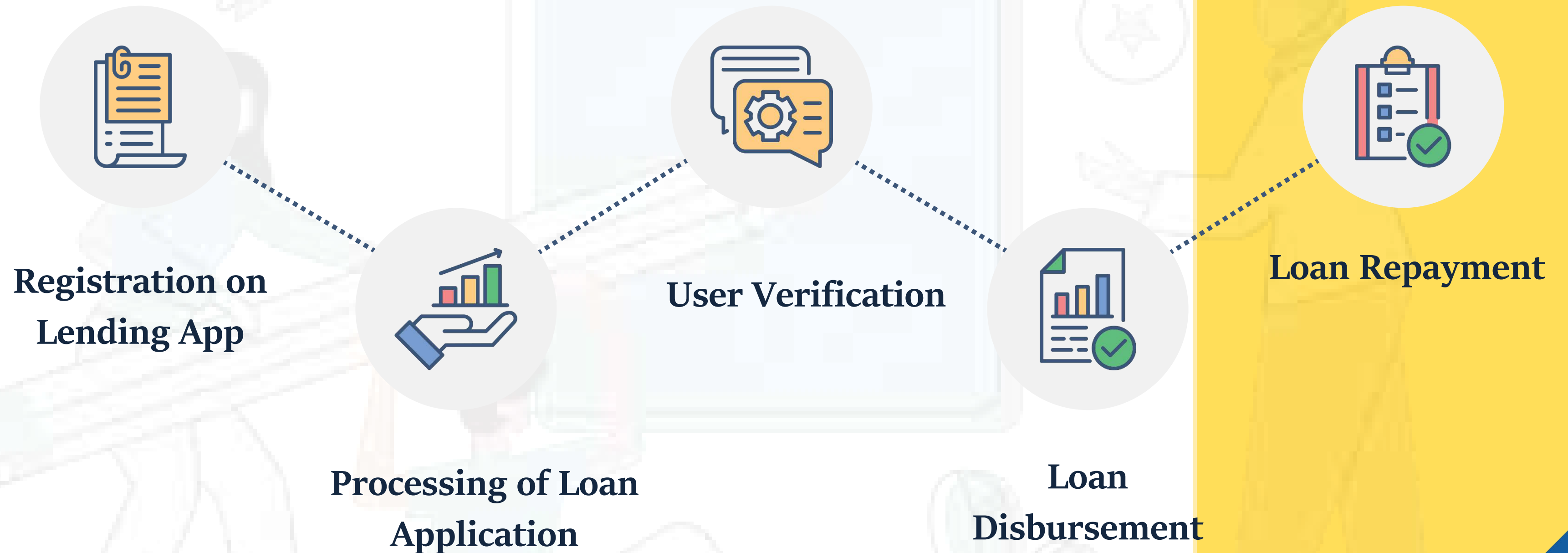
04

05

### Access to New Customers

LSPs have a wide network of partners, which can help NBFCs to expand their customer base. LSPs can leverage their partnerships to reach out to new customers and offer them loan products. This can help NBFCs to increase their market share and grow their business.

# Digital Lending Cycle





# Disclosures to the Borrowers

## Key Fact Statement (KFS)



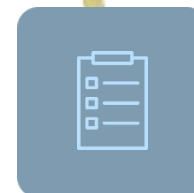
NBFCs need to provide the borrower a Key Fact Statement (KFS) in a prescribed format before execution of the contract for digital lending.

## Digitally signed documents:



NBFCs will ensure that upon execution of the loan contract, all documents signed by the borrower using digital signature should automatically flow to the borrowers on their registered and verified email/ SMS.

## List of LSPs



NBFCs are required to prominently publish the list of LSPs engaged and DLAs of such LSPs with the details of the activities for which they have been engaged, on their website.

## Product Information



LSPs engaged by the NBFCs prominently display information relating to the product features, loan limit and cost, etc. at the on-boarding/sign-up stage.

## Link to Website



The LSPs engaged by the NBFC should have links to the NBFC website where detailed information about the loan products, customer care, link to Sachet Portal, privacy policies, etc. is provided. Such information should be placed at a prominent single place on the website of the NBFC for ease of accessibility.

# Inclusions in KFS

## Loan Details

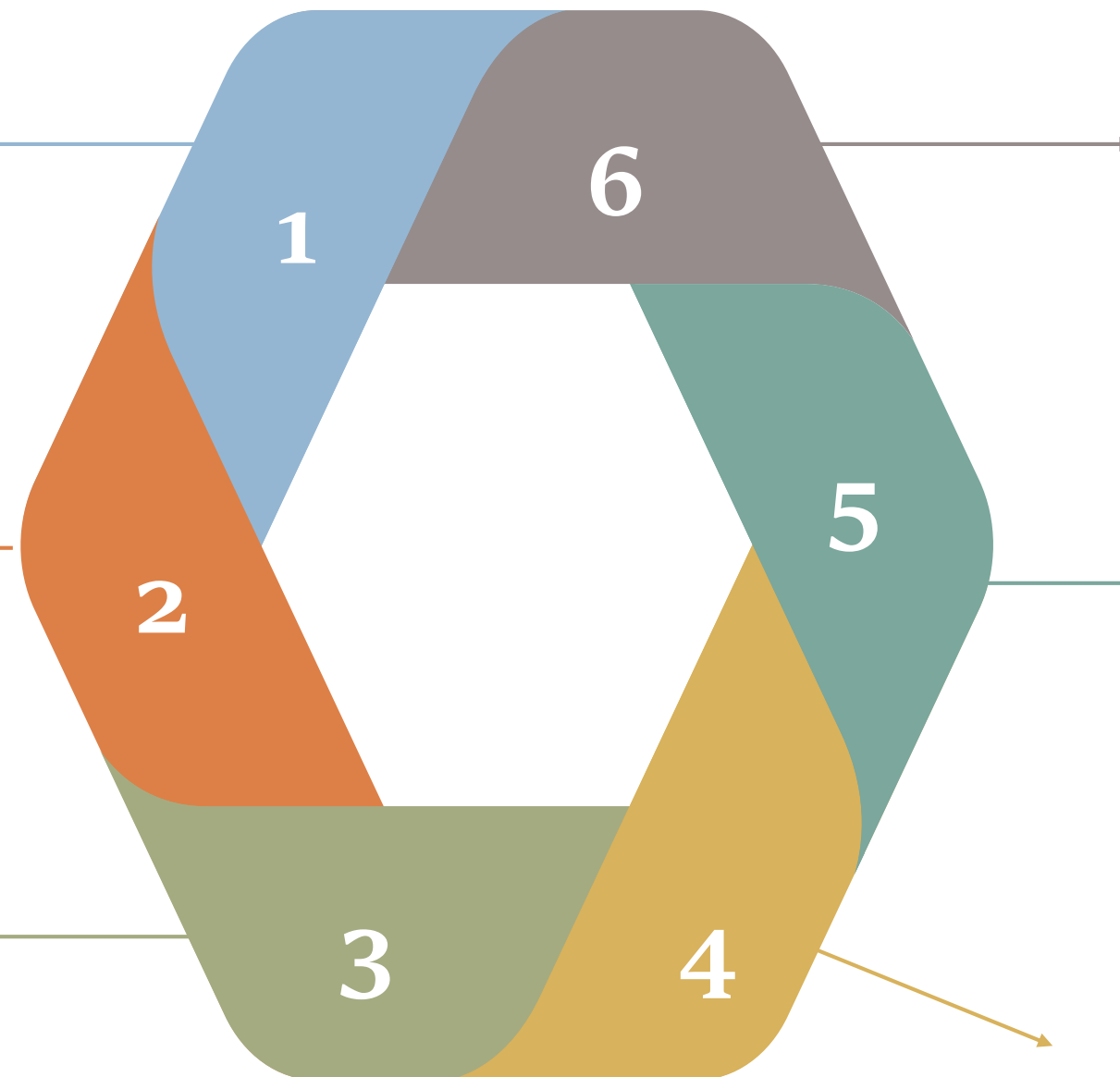
The details will include fee / processing / insurance charges, loan tenure, number and amount of installments.

## Contingent Charges

In case of delayed payments, rates of annualized penal charges.

## Annual Percentage Rate (APR)

APR is all-inclusive cost of digital loans for the borrower shall be disclosed upfront by NBFCs. It includes cost of funds, credit cost, operating cost processing fee, verification charges, maintenance charges, etc.



## Cooling off/look-up period

A cooling off/ look-up period is the time window as determined by the NBFC which shall be given to borrowers for exiting digital loans, in case a borrower decides not to continue with the loan. It has to be disclosed in the KFS.

## Recovery Agent Details

NBFCs are required to communicate to the borrower, the details of the LSP acting as a recovery agent at the time of sanctioning of the loan (i.e. as part of KFS) or/and when the NBFC appoints/changes a recovery agent.

## Nodal Grievance Officer

The KFS should include details of the nodal grievance officer designated to deal with digital lending/FinTech related matters.



# Conduct Requirements

NBFC shall ensure that loan disbursal shall not pass through pool account of LSP or any third party.

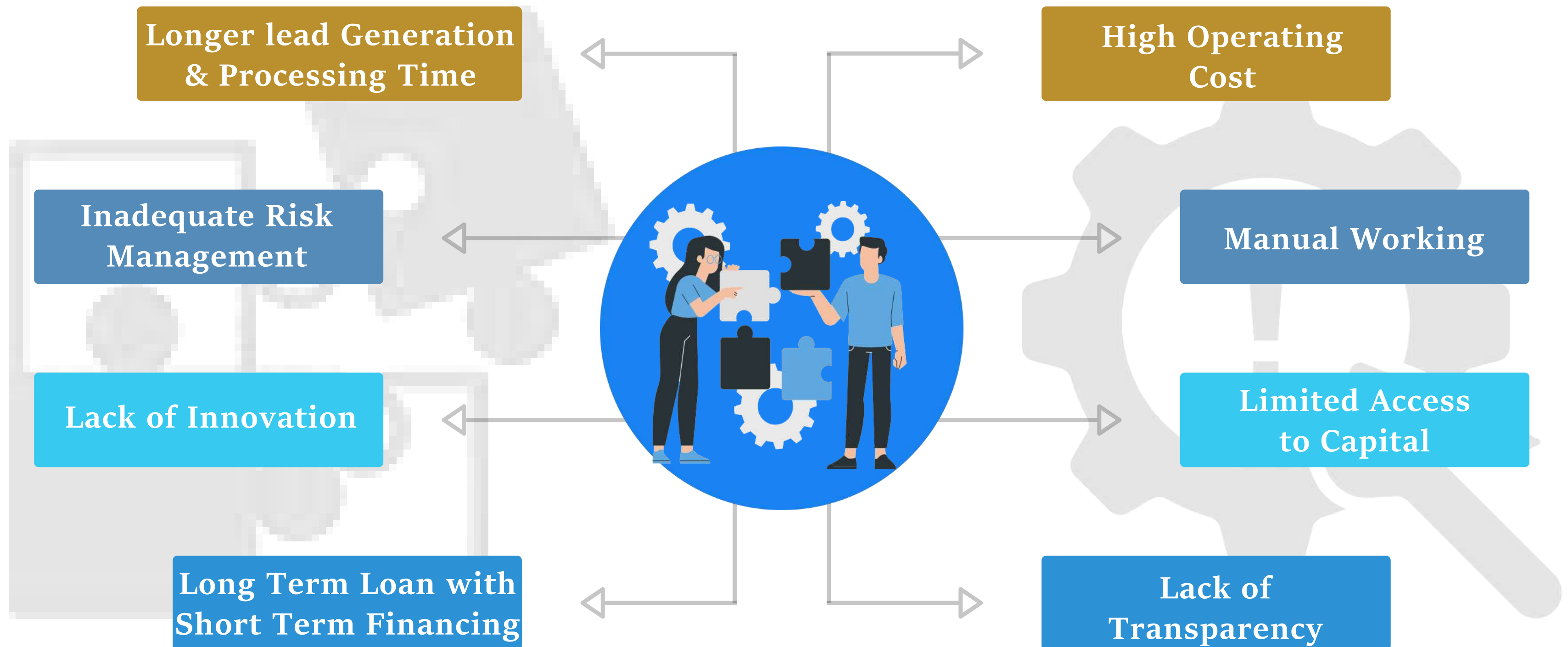
NBFC shall ensure that fees / charges payable to LSP shall not be charged by LSP to the borrower directly and it shall be paid by NBFC to LSP.

For carrying business activities, NBFC can raise funds from investing partner in form of ICD/ CCPS/ debt instrument.

NBFCs cannot charge any fees, charges, etc. which are not mentioned in the KFS to the borrower at any stage during the loan tenure.



# Common Issues With Traditional NBFCs





# SIGNIFICANT BENEFITS OF LSPs TO NBFCs



## Partner with LSP

By partnering with LSPs, NBFCs can leverage their expertise and technology to improve their loan processing times, reduce operational costs, increase efficiency, better manage risk, and access new customers.



## Stay Competitive

As the demand for digital lending solutions continues to grow, NBFCs should consider partnering with LSPs to stay competitive in the market.



# ABOUT ENTERSLICE AND ITS VISION & MISSION

## Your Trusted Partner for Regulatory Assistance

Enterslice is a LegalTech platform for all your business needs. Enterslice is a network of independent professionals who specialize in various fields such as Legal, Tax, Audit, Assurance Product Certifications and all other services rendered by professionals independently. We assign a dedicated relationship manager for entrepreneurs and start-ups helping them get right consultations and avail growth advisory for their businesses.



**Vision:** To provide the best comprehensive domestic as well as international services for all your businesses.

**Mission:** To assist our clients with excellence, accuracy and transparency and stand out through our exemplary services.





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600058, Tamil Nadu, India







**400 + NBFC  
CLIENTS**



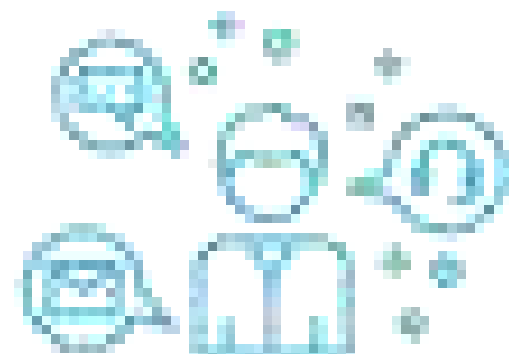
**100+ FRESH NBFC  
REGISTRATION**



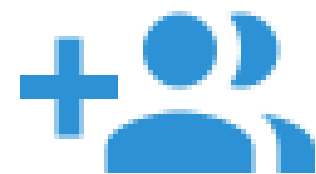
**300+ TEAM OF  
CA/CS/EX-  
BANKERS**



**500+ Cities  
Served**



**24X7 Customer  
Service**



**9 CUSTOMER  
SCORE**



**98% SLA  
DELIVERY**



**WHY  
ENTERSLICE?**



# OUR CLIENTS



DEARN INSURANCE  
BROKERS PRIVATE LTD.



LF2 PEER FINANCIAL  
PVT. LTD.



WHITE HORSE  
FINANCIAL BROKING



# ACCOLADES & MILESTONES



20+ Years of  
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Presence in  
22+ Countries



100,000+  
Clients Served  
Worldwide





**THANK YOU!!**

**WE TRANSFORM YOUR BUSINESS!**