

Lending in Today's Economy from NBFCs' Perspective

Date: April 10, 2020



Live Webinar Report

Highlighting the changing role of Lending pertaining to the Non-Banking Financial (NBFC) sector in India amid COVID-19 outbreak, Elets Technomedia in association with The Banking & Finance Post magazine organised a Live Webinar on Lending in Today's Economy from NBFCs' Perspective on April 10, 2020.

Watch the webinar on

 Youtube: <https://youtu.be/gaVER4Dp4-o>

 Facebook: <https://bit.ly/2xDgaKL>

Economies around the world are witnessing a crisis situation due to Coronavirus pandemic. As a result of this financial sector too are facing a number of turbulences and frequently trying to upgrade themselves in a bid to match the changing needs of the customers. Elets is organising a series of Live webinars in a bid to maintain the momentum of knowledge exchange amongst the experts from around the sectors so that innovation remains uninterrupted.

DR RAVI GUPTA - CEO & Editor-in-Chief, Elets Technomedia Pvt



Panelists:

Umesh Revankar, MD & CEO, Shriram Transport Finance CO.LTD.

Rahul Gupta, CEO, Avanti Finance

Dr Puneet Kaur Kohli, CTO, Manappuram Finance Limited

Pavan K. Gupta, CEO, Muthoot Housing Finance Company Limited

Bhavin Patel, Co-Founder & CEO, LenDenClub

Excerpts of the Discussion:

**Umesh Revankar, MD & CEO,
Shriram Transport Finance CO.LTD.**

Several Districts across the country have taken a variety of measures to ensure precautionary measures to put a curb on the spread of COVID-19. One of the major steps taken in this regard is the restricted passage of transport system defined under the essential and non-essential category. For every nation and its populace, supply and logistics chain is very significant.



UMESH REVANKAR

MD & CEO
Shriram Transport
Finance

Gradually, we can see some realization among the districts in allowing the truckers to transport the commodities and expanding the list of essential items. With this relaxation in the passage, the trucker communities will bounce soon and get back to their livelihood. The problem that the truckers are facing is pertaining to their payment flow as it is getting delayed by their payment providers. Larger organisations and government should take proactive measures to deal with the situation so that the bottom of the pyramid don't suffer. I believe that by June, we will partially get back to shape but the overall economy and livelihood will take time.

Rahul Gupta, CEO, Avanti Finance

The next 3 to 6 months will be extremely critical. Customers within the informal economy are likely to be the most affected. Whilst the nation's fight against COVID will be ongoing, the solutions for restoring livelihoods must come in place and the financial sector has a role to play. Some of my panelists were optimistic about a V-shape recovery. That may well happen on a sectoral basis but my own view is more measured as the impact is likely to have a longer tail.

The RBI has to be more directives to lenders in its support to the NBFC & NBFC-MFI sector. Offering moratorium to end customers is the right thing; therefore a back to back moratorium is clearly required. Amplifying digital delivery models is critical in the current scenario and the way forward to reduce friction & drive down operating costs. Cashless and paperless needs to be enabled right to the bottom of the pyramid. This has been one of Avanti's tenets.



RAHUL GUPTA

Chief Executive Officer
Avanti Finance

Dr Puneet Kaur Kohli, CTO, Manappuram Finance Limited

As far as the current situation is concerned, the entire NBFC sector is looking forward to enhanced liquidity. Besides, Work From Home is helping several sectors in maintaining their work flow but in our segment, physical presence is a necessity. For gold loans, people will have to come to the branches for pledging but from our side the entire transaction is cashless.



DR. PUNEET KAUR KOHLI

Chief Technology Officer
Manappuram Finance Limited

This pandemic outbreak has now given us the opportunity to evolve and believe that work From Home is a workable option now even for us. People will now have to find out ways to reach more ways where there is less physical dependency. Financial Institutions are now reaching out to their customers through innovative ways namely WhatsApp, Chatbots etc, keeping customer retention in mind. However, as an IT professional, I would suggest to keep Data Security in mind while choosing the work from home model.

Pavan K. Gupta, CEO, Muthoot Housing Finance Company Limited

In my view, the moratorium is a good step taken by the Reserve Bank of India. However, for some NBFCs survival would be tough. The informal segment would be affected the most because of the cash flow. The repayments will take a toll. We need to be optimistic about the situation. I believe this is just a lockdown but not an economic slowdown so whenever we get back to our work, revival would be in line. COVID-19 has delayed things but it would be difficult to say to what extent.

As people are conserving the cash people would resist from buying properties and demand for a loan will drop. Only those who already have properties will be able to take the benefit. Challenges would also occur in the housing segment due to the unavailability of the migrant workers who went back to villages due to lack of work during the lockdown. But I strongly believe that the Human race will definitely get back and revive.



PAVAN K. GUPTA

Chief Executive Officer
Muthoot Housing Finance

Bhavin Patel, Co-Founder & CEO, LenDenClub

People's aspirations have not died during the lockdown. In my view, as soon as the situation gets back to normalcy the economy will revive much faster than expected. This is a short term scenario and we foresee that in these four to six months the situation will remain flat. As far as our operations are concerned, we definitely witnessed 20-40 percent drop in the lending demand. This is because, when people are not to go out, watch movies and visit malls then they don't have options to spend their money. There is a definite interruption in the cash flow due to lockdown. But with the revoking of the lockdown, cash will flow from big enterprises, to SMEs and MSMEs. I believe, the situation will be better by January next year.



BHAVIN PATEL

Co-Founder & CEO
LenDenClub

WEBINARS

29th
APRIL

03:00 pm
to
04:00 pm

Adversities & Opportunities: *Evolving Insurance Industry Beyond Pandemic*

1st
MAY

03:00 pm
to
04:00 pm

Role of NBFCs in Post-Pandemic Period

6th
MAY

03:00 pm
to
04:00 pm

COVID-19 Crisis: *How AI is building the workforce for BFSI?*

13th
MAY

03:00 pm
to
04:00 pm

Digital Boom Amid COVID-19: *Is Age of Cashless the new Reality?*

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