



THE FINANCE SOCIETY



NBFCs

GROWTH, RESILIENCE & REGULATION

01

Industry Overview



02

Company Analysis



03

Financial Snapshot



04

Policy Landscape



05

Risk Analysis



06

M&A



07

Case Study



08

Emerging Technology Trends



09

Future Outlook



10

Key Contributors



Balance Sheet

Balance Sheet Size



₹30.8L Crore

12% YoY

Total Net Advances



₹27L Crore

17% YoY

Total Borrowings



₹21.7L Crore

17% YOY

Shareholders Fund



₹5.8L Crore

12% YOY

Profitability

Total Income



₹2.1L Crores

16% YOY

Net Interest Income



₹1L Crore

16% YOY

Non-Interest Income



₹0.2L Crore

16% YOY

PAT



₹0.4L Crore

11% YOY

Key Ratios

ROA



2.6%

11 bps YoY

NIM



6.6%

0.3 bp YoY

Cost-Income



36.5%

4 bps YoY

GNPA (%)



2.5%

25 bps YoY

NBFCs hold ₹61 lakh crore in assets (25% of bank credit), funding MSMEs, retail, and underserved sectors. With 15-18% AUM growth, they face RBI scale-based rules and risks in microfinance/unsecured lending.

Housing Finance Companies

Interest income, NII (net interest income), and total income up by ~10%
Opex grew by 18%, but this was offset by a 42% drop in credit cost.
PAT improved by 16%.

Diversified NBFCs

Interest income and NII grew strongly 25-30%
Operating expenses (+18%) and credit cost (+62%) also rose
PAT rose by 11%

NBFC CATEGORIES

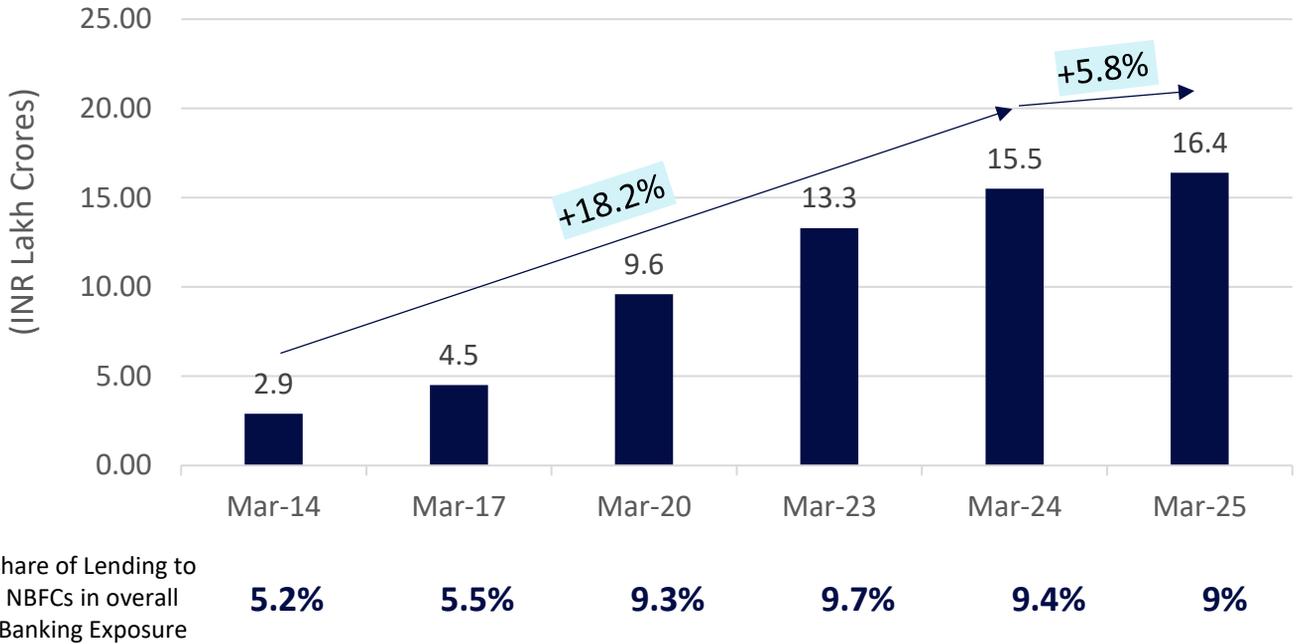
MFI NBFCs

Interest income and NII grew ~12%, but credit cost spiked by 97%,
PAT collapsed by 95% YoY

Gold NBFCs

ROA decrease by 0.29%
Net Interest margin drops by 0.01%
Total income and net interest income increase by 20% YoY
Non-Interest Income up by 5% and pat up by 10%

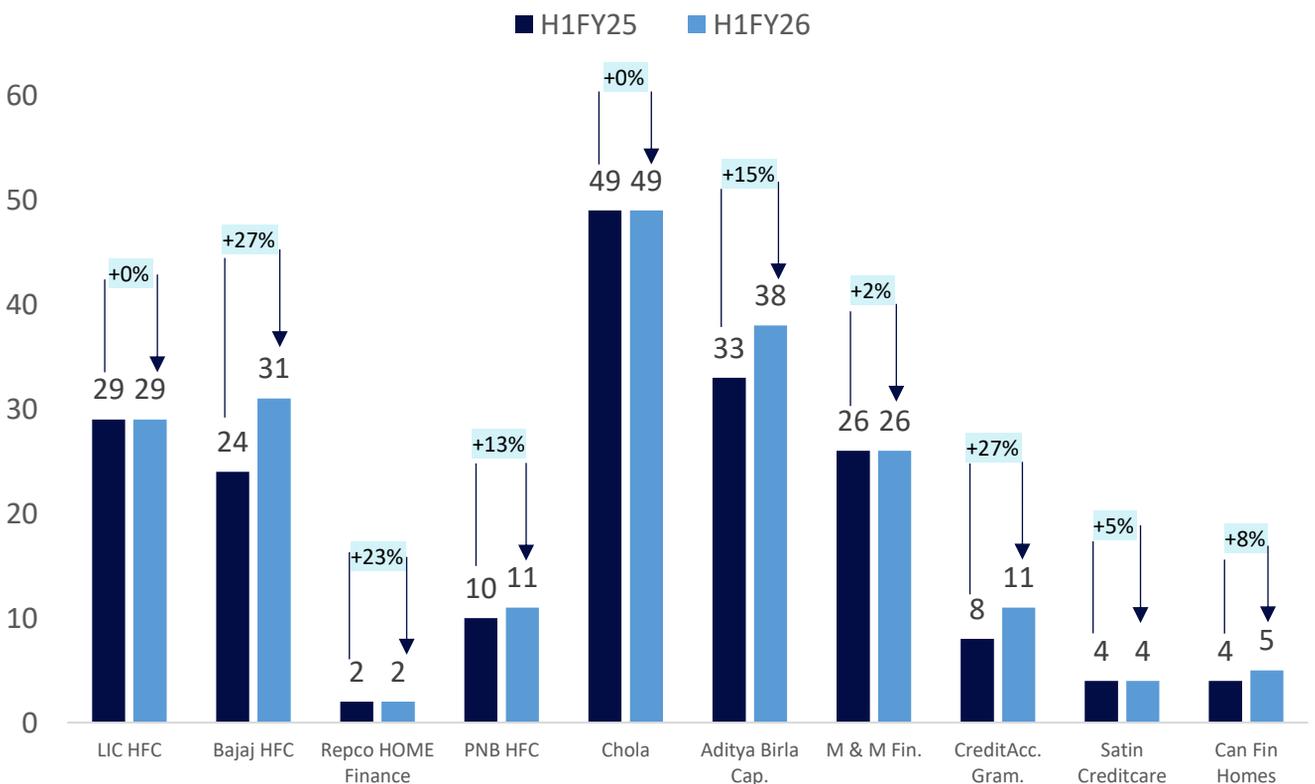
Deployment of Bank Credit to NBFCs

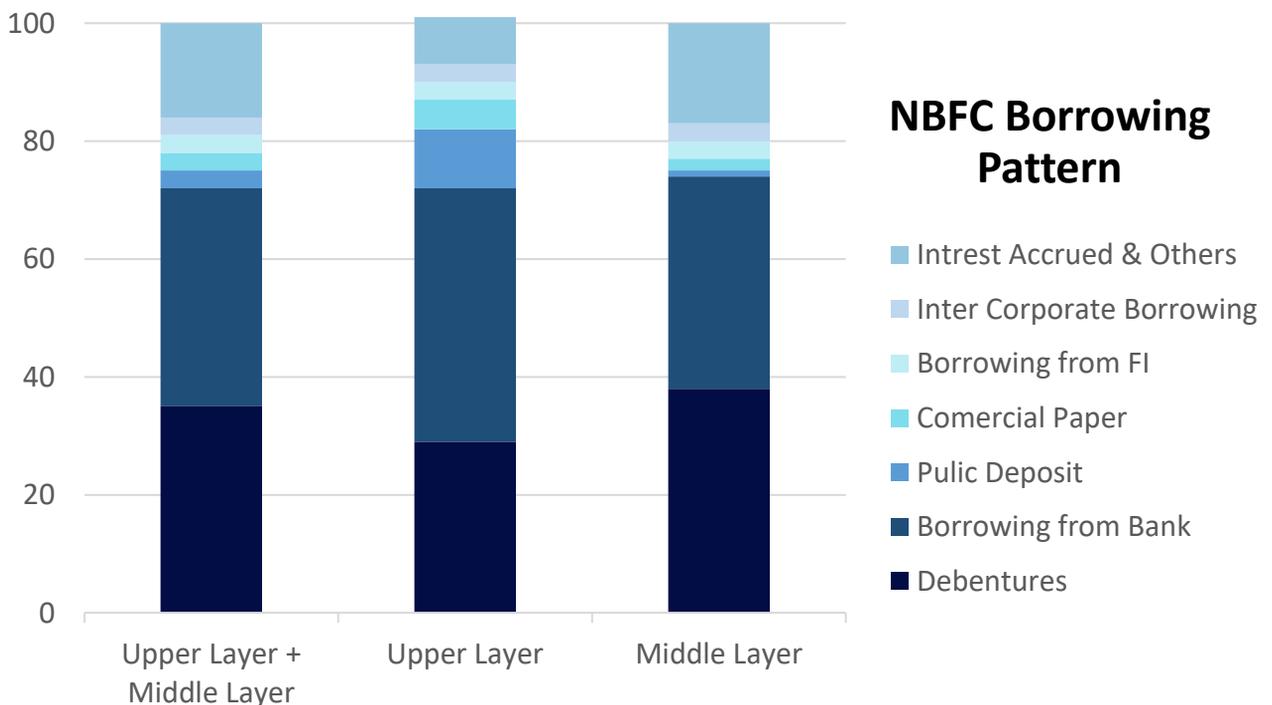
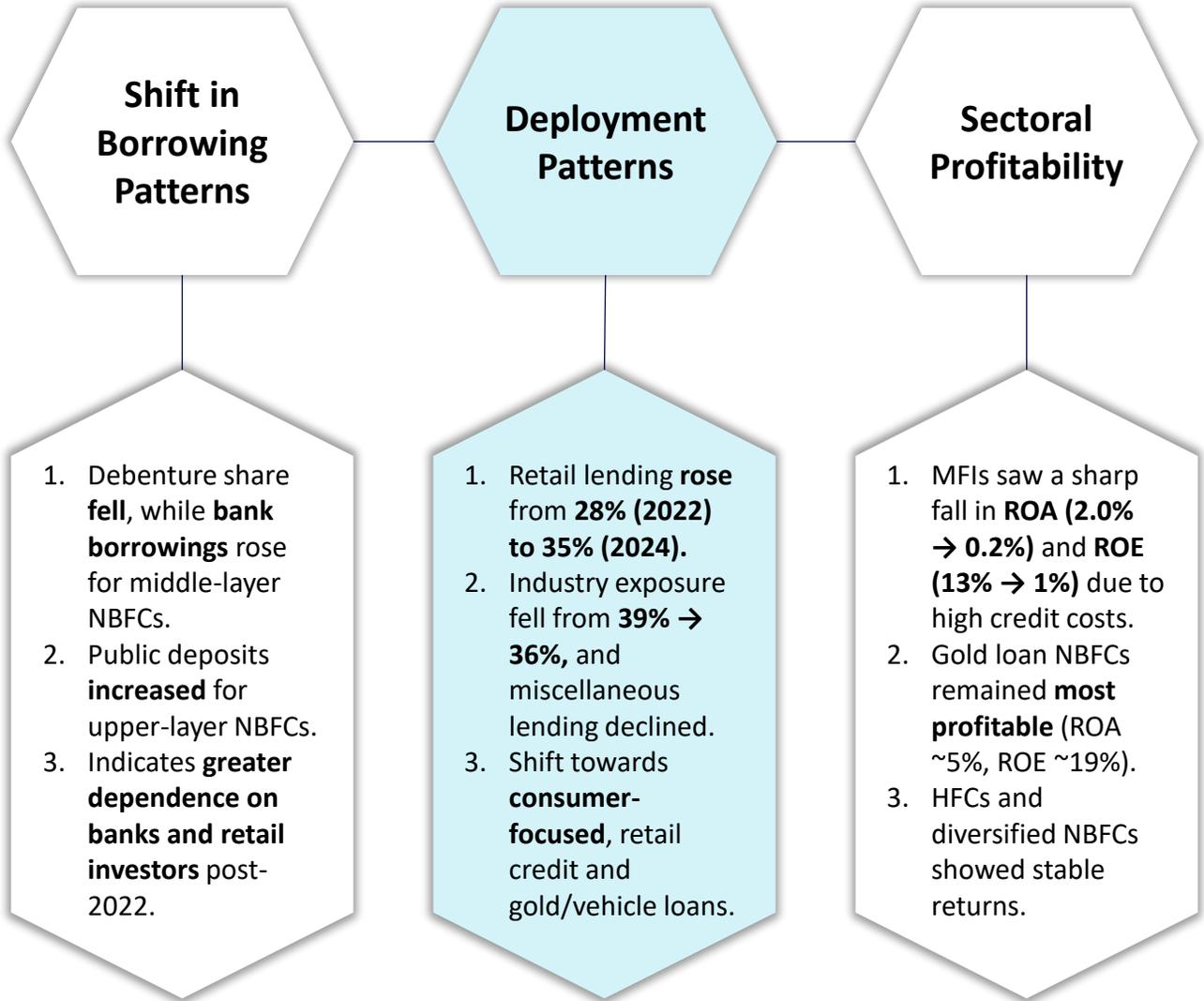


Share of bank loans to NBFCs rose from 5.2% to 9.7% in 10 years

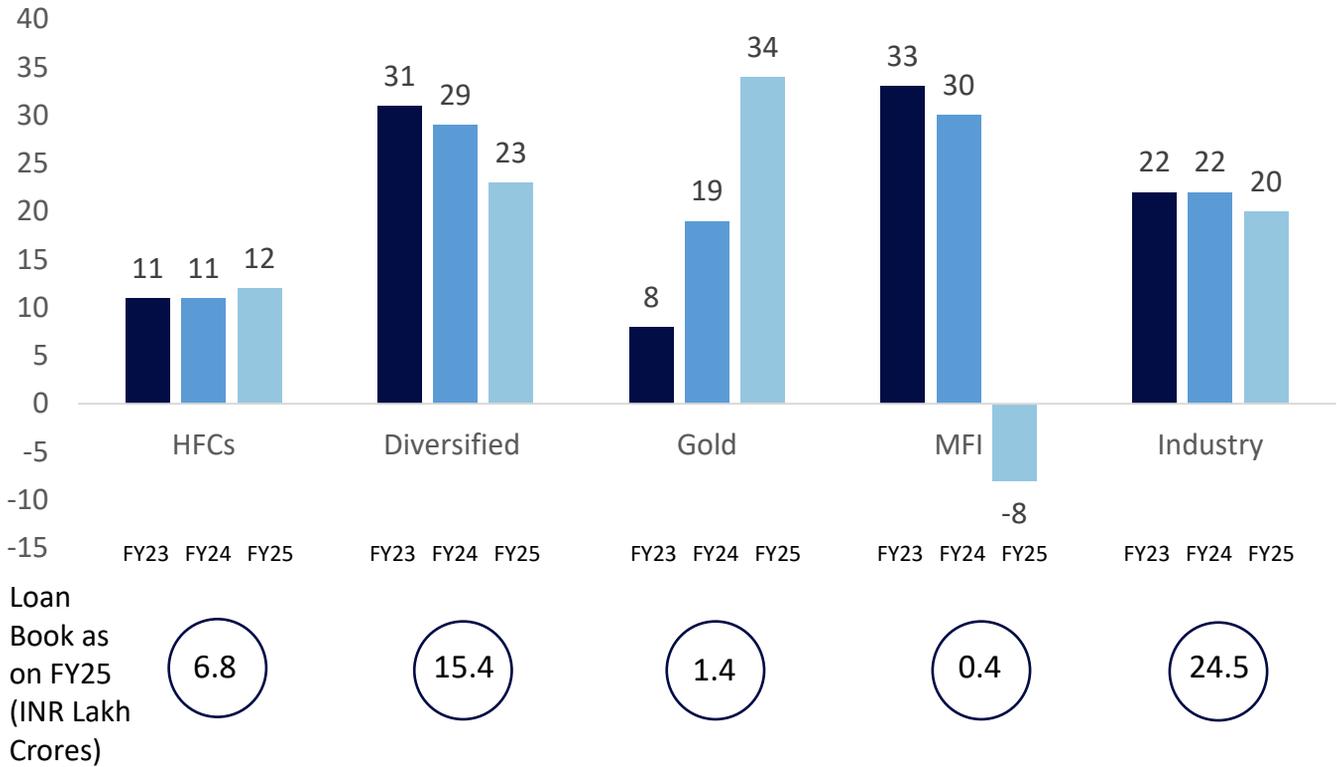
The recent dip in share from 9.7% to 9% can be seen because of risks and regulatory changes by RBI

Disbursement trend (INR'000 Cr)





Category-wise y-o-y growth in loan book (%)



Driving Forces in the NBFC Industry

1

FOCUS ON NICHE SEGMENTS

Target underserved groups such as rural borrowers, and women entrepreneurs, catering to India's **633.9 lakh MSMEs**, of which **over 99% (630.5 lakh)** are micro-enterprises, through tailored financial products.

2

FINANCIAL INCLUSION

Promote inclusion by serving unbanked and underbanked populations via microloans, small business credit, and financial literacy initiatives.

3

TECHNOLOGY & DATA ANALYTICS

Leverage big data to assess creditworthiness, understand customer behaviour, and improve product design and risk management.

4

CYBERSECURITY & DATA PRIVACY

Rising digital adoption makes strong cybersecurity systems and compliance with data-privacy regulations essential for NBFCs.

The industry trends indicate the following benchmarks to ensure a sustained growth.

Growth Indicators:

Credit growth: > 20%
 NIM: > 5%
 ROA: > 2.5%

Cost Indicators:

Cost of funds: 8%(borrowings)
 - 13% (debentures)
 Cost to Income ratio: > 43%

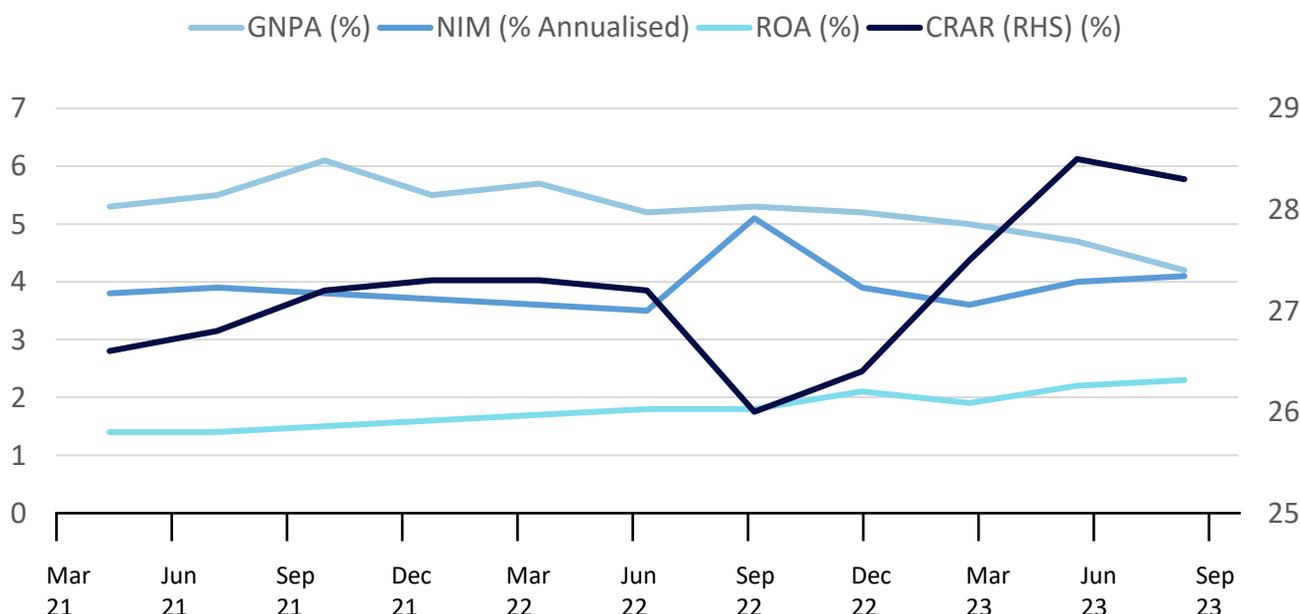
Asset quality:

GNPA: < 4.5%
 NNPA: < 1.5%
 PCR: > 70%

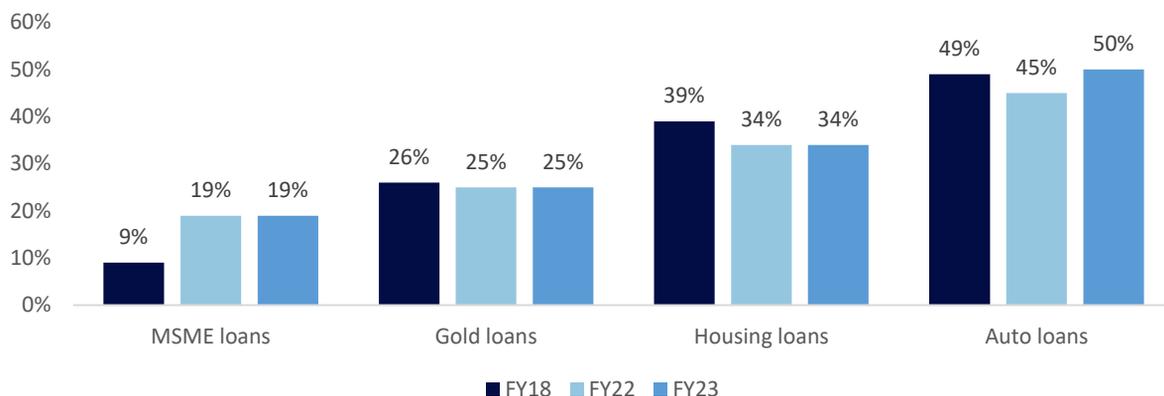
Capital adequacy:

CRAR: $\geq 15\%$ (ind avg = 25.2%)
 Liquidity: LCR $\geq 85\%$ (100% by Dec'24)

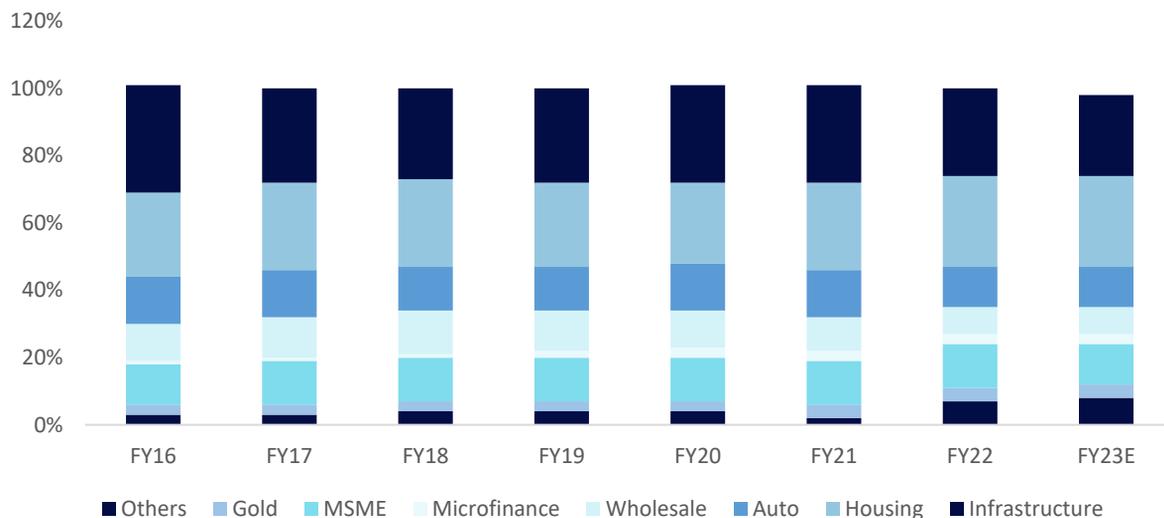
FINANCIAL INDICATORS & GROWTH



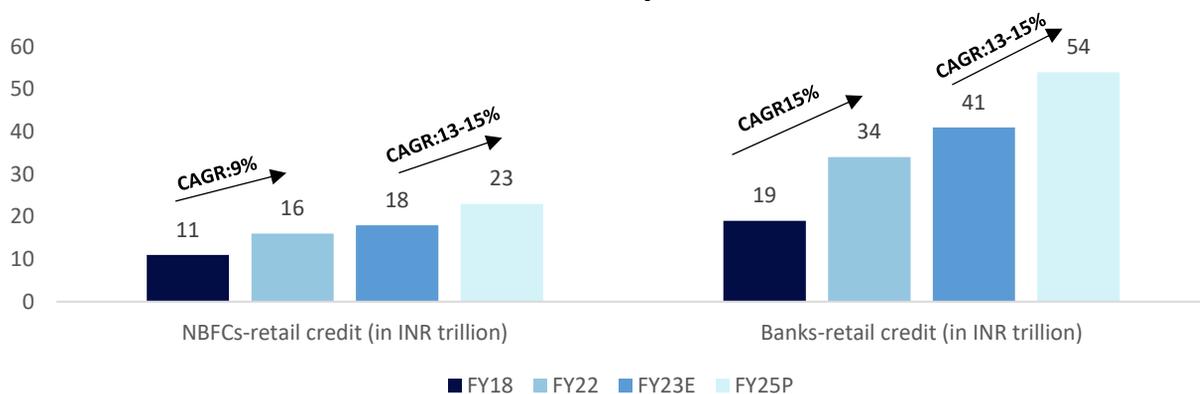
Market share of NBFCs in overall credit across select asset classes



Distribution of NBFC credit across asset classes



NBFCs retail credit is expected to increase at 13–15% CAGR in next three years.





Fund Raising and Capital

Since NBFCs don't accept deposits, they heavily rely on market borrowings and bank loans, making them vulnerable to market changes.



Asset-Liability Mismatch

They sometimes use short term borrowings to fund long term assets, creating liquidity issues.



Non Performing Assets

NBFCs lend heavily to higher-risk segments like MSMEs & real estate developers, making them more vulnerable to downturns and reducing profitability and investor confidence.



Regulations

They face strict regulations from the RBI. Apart from the, procuring a license is also a very complicated process.



Differential Tax Treatment

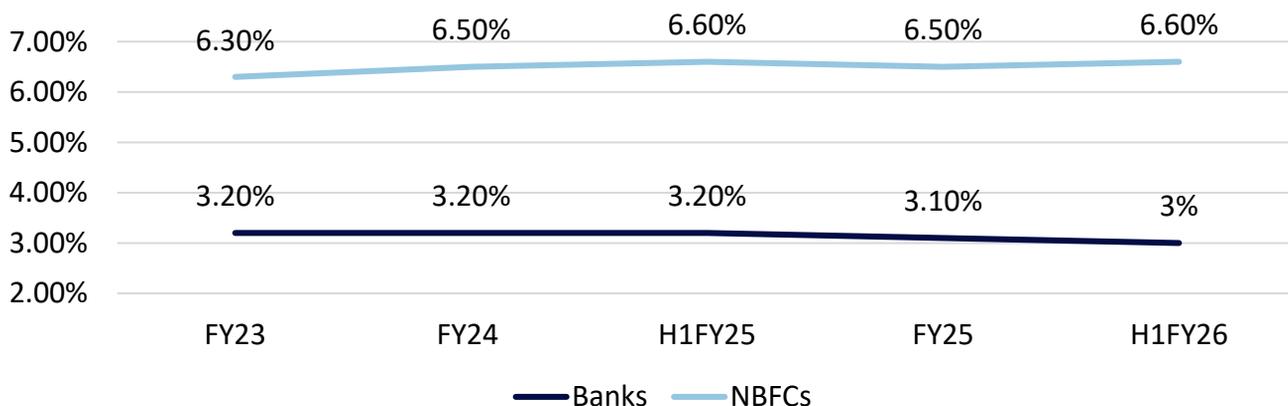
NBFCs are subject to stringent rules when compared to banks, and are taxed differently due to their different statutory status. For ex, banks are exempted from TDS while NBFCs are not

COMPARATIVE ANALYSIS

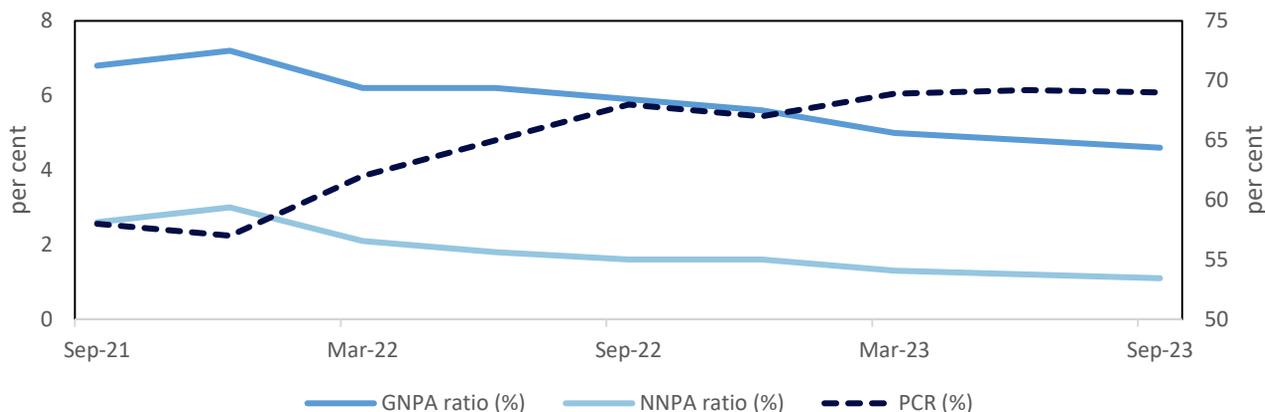


NBFC NIMs rose steadily from 2023–25, while **bank NIMs declined**, reflecting stronger margin expansion for NBFCs amid high-yield repricing and margin pressure on banks from higher deposit costs.

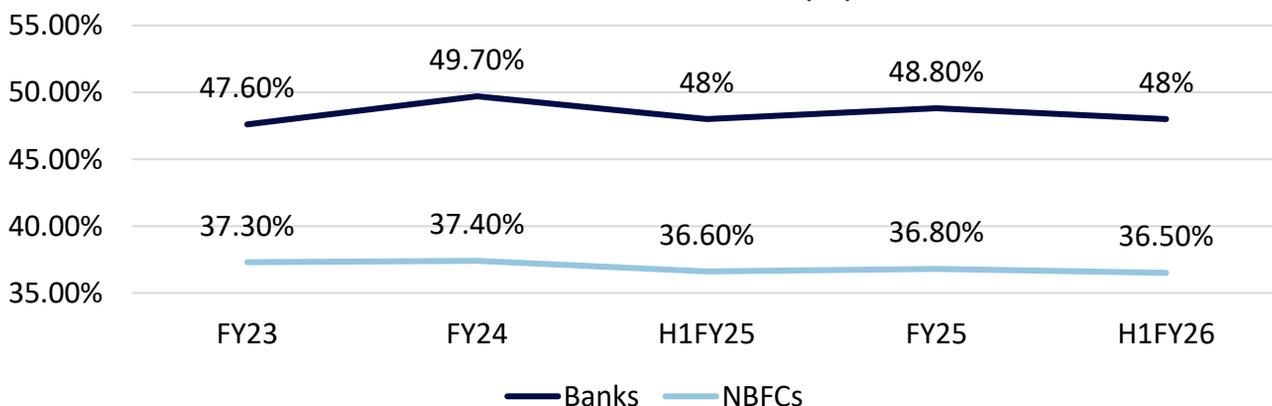
Net Interest Margin (%)



Asset quality of NBFCs — NPA and PCR

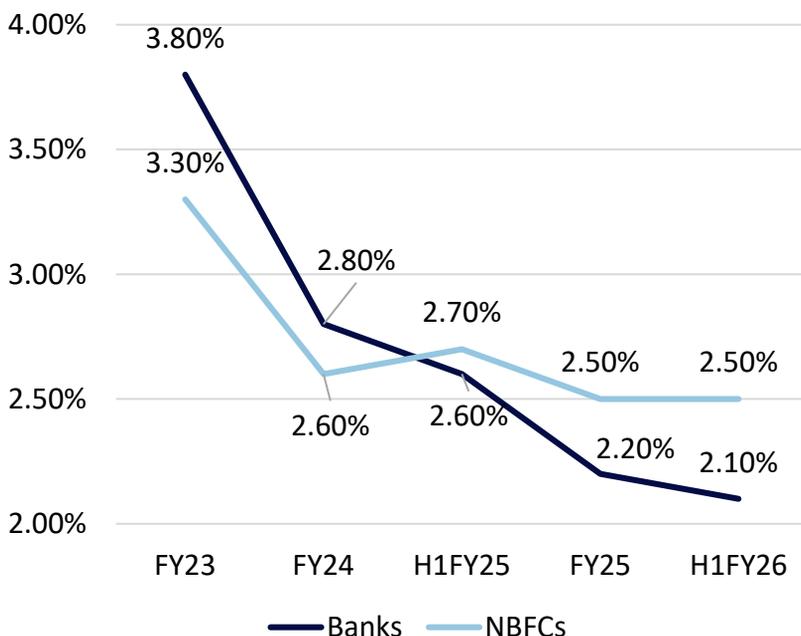


Cost to Income Ratio (%)



Banks' cost-to-income ratios stayed high and volatile (~48%), while **NBFCs** remained more efficient, **improving from 37.3% to 36.5%**, reflecting leaner models and better cost control.

GNPA

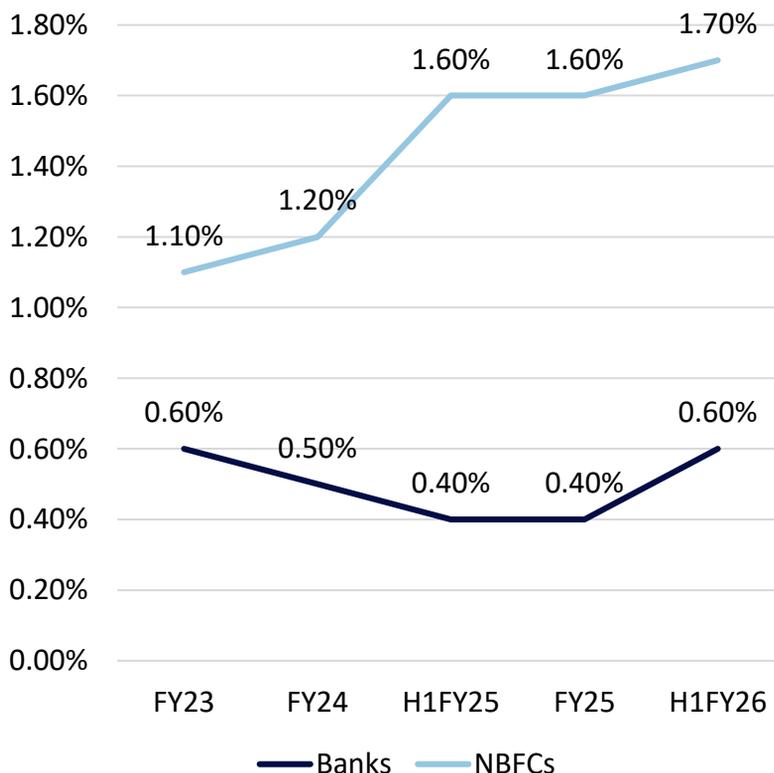


Banks' GNPA declined steadily from **3.8% in FY23 to 2.1% in H1FY26**, reflecting improving asset quality, while NBFCs showed a more moderate improvement from **3.3% to 2.5%**, indicating stable but slightly higher credit risk.

Banks witness stronger asset quality gains, while NBFCs face rising credit costs despite stable GNPA levels

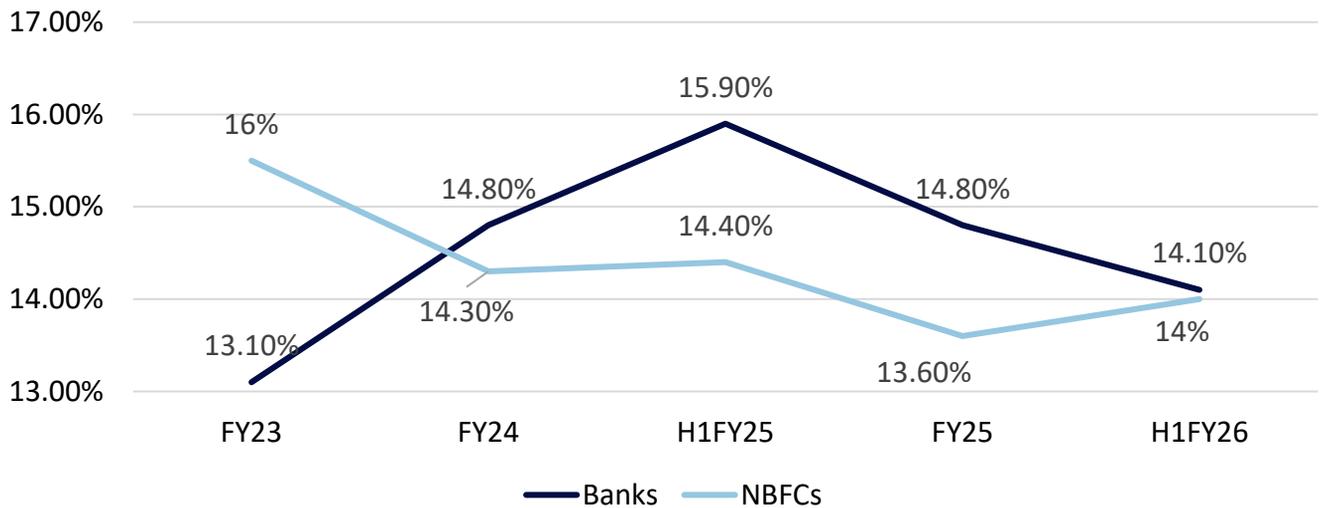
Credit Cost (%)

Banks' credit cost remained low and stable (**0.6% in FY23 to 0.6% in H1FY26**), showing controlled provisioning, whereas NBFCs experienced rising credit costs (**1.1% to 1.7%**), highlighting higher risk absorption amid portfolio expansion and lending to niche segments.



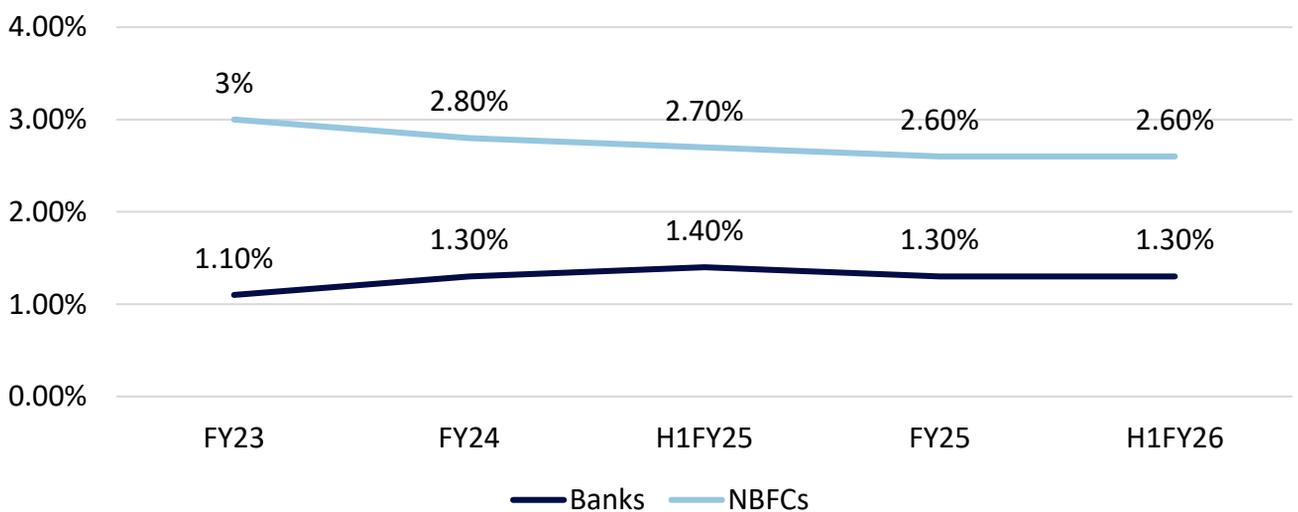
NBFCs maintain higher ROA, while Banks still retain marginal ROE advantage following recent softening in ROE

Return on Equity



Banks' ROE improved from 13.1% to a peak of 15.9% before moderating to 14.1%, reflecting strong capital efficiency, while NBFCs' ROE declined from 16% to 14% amid rising credit costs.

Return on Assets



Banks' ROA remained low but stable, rising slightly from 1.1% in FY23 to 1.3% in H1FY26, while NBFCs' ROA declined from 3% to 2.6%, indicating slightly reduced efficiency in generating returns from assets.



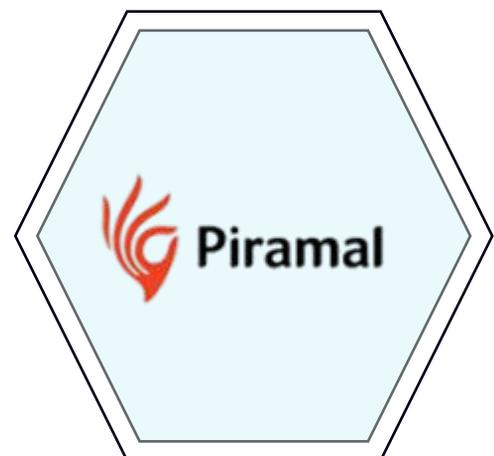
A leading NBFC backed by Axis Bank, specializing in corporate lending, retail loans, and structured credit solutions.



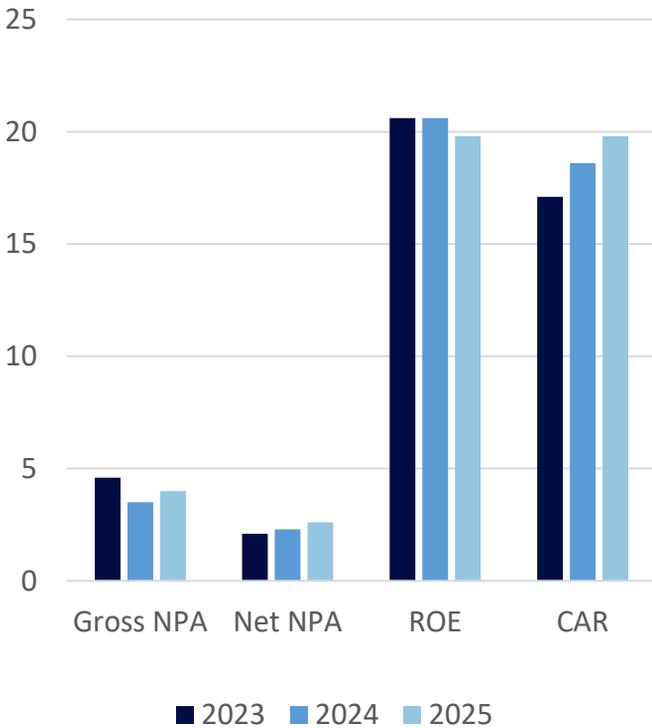
One of India's largest retail-focused NBFCs offering gold loans, home loans, business loans, and microfinance services.



A Murugappa Group NBFC known for its strong leadership in vehicle finance, MSME loans, and rural lending.



A diversified NBFC under the Piramal Group offering retail & wholesale lending, fund-based platforms and investments across India.



Gross NPA ratio: 3.54% as on March 31, 2024 (vs 4.60% as on March 31, 2023)

Net NPA ratio: 2.32% as on March 31, 2024 (vs 3.11% as on March 31, 2023)

Return on Equity (ROE): 17.6% in FY 24 (vs 18.7% in FY 23)

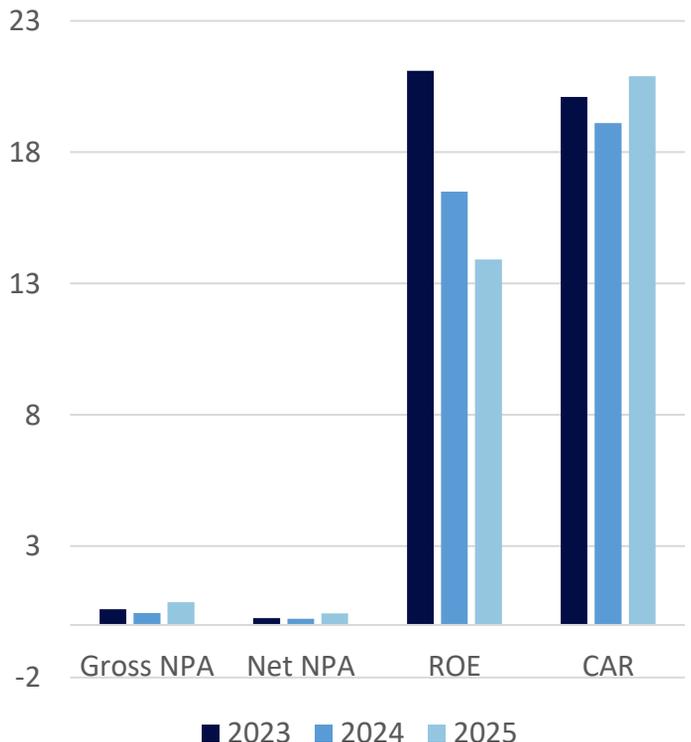
Capital Adequacy Ratio (CAR): 18.6% as on March 31, 2024 (vs 17.1% a year ago)

Gross NPA: Improved from 0.6% (2023) to 0.46% (2024) before rising to 0.87% (2025)

Net NPA: Declined marginally from 0.26% (2023) to 0.24% (2024), then increased to 0.44% (2025)

ROE: Fell consistently from 21.1% (2023) to 16.5% (2024) and 13.92% (2025)

CAR: Easing from 20.1% (2023) to 19.11% (2024) before rising to 20.9% (2025).

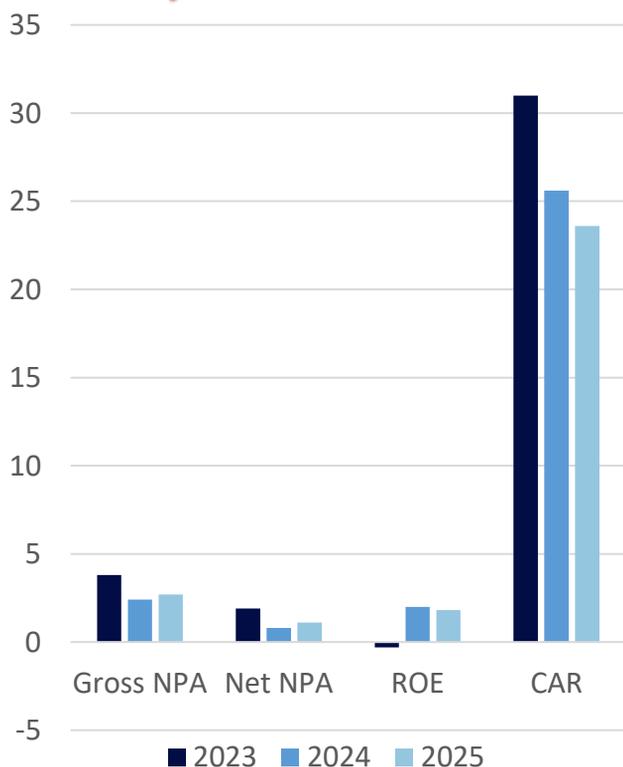
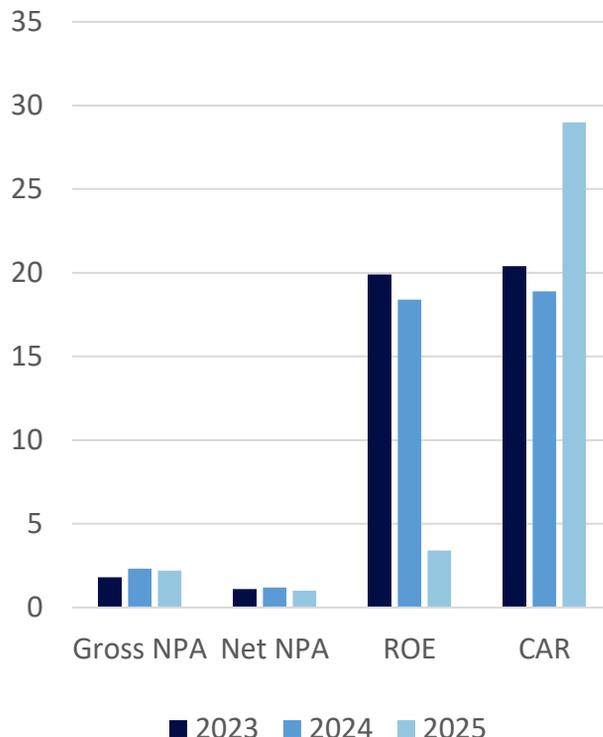


Gross NPA: Rose from 1.8% (2023) to 2.32% (2024), then eased to 2.2% (2025), indicating partial stabilization.

Net NPA: Increased slightly from 1.1% (2023) to 1.2% (2024), improving to 1.0% (2025) on better recoveries.

ROE: Declined from 19.9% (2023) to 18.4% (2024), then fell sharply to 3.4% (2025).

CAR: Moderated from 20.4% (2023) to 18.9% (2024) before rising to 29.0% (2025)



Gross NPA: Fell from 3.8% (2023) to 2.4% (2024), then rose slightly to 2.7% (2025)

Net NPA: Improved sharply from 1.9% (2023) to 0.8% (2024), inching up to 1.1% (2025)

ROE: Turned positive from -0.3% (2023) to 2.0% (2024), easing slightly to 1.82% (2025).

CAR: Declined from 31.0% (2023) to 23.6% (2025) amid expansion, yet stayed well above norms.

FINANCIAL SNAPSHOT



SOURCES OF FUNDS FOR NBFCs

Item description	March 2021 (%)	March 2022 (%)	March 2023 (%)	September 2023 (%)
Share Capital, Reserves and Surplus	26.7	29.4	29.1	27.9
Total Borrowings	63	60.6	61.5	62.1
of which:	19.8	20.6	21.9	22.2
2.1 Borrowings from banks	0.4	0.4	0.3	0.4
2.2 CPs subscribed by banks	3	2.9	2.7	2.4
2.3 Debentures subscribed by banks	3	2.9	2.7	2.4
Total from banks (2.1 + 2.2 + 2.3)	23.2	23.8	25	25
2.4 CPs excluding 2.2	1.6	1.4	1.5	1.9
2.5 Debentures excluding 2.3	22.8	20.4	19.5	19.6
Others	10.2	10	9.5	10
Total	100	100	100	100

SOURCES OF BORROWINGS OF NBFCs

Items	At the end of March 2022	At the end of March 2023	At the end of September 2023	Percentage Variation	
				FY21–22 (%)	FY22–23 (%)
Debenture	10,14,611 (39.3)	11,10,234 (37.0)	11,45,536 (36.1)	3.3	9.4
Bank borrowings	9,20,555 (35.6)	11,33,221 (37.7)	11,97,626 (37.8)	18.8	23.1
Borrowing from FIs	69,078 (2.7)	89,982 (3.0)	99,844 (3.1)	21.3	30.3
Inter-corporate borrowings	89,896 (3.5)	1,05,184 (3.5)	1,04,148 (3.3)	15.5	17
Commercial paper	70,266 (2.7)	84,366 (2.8)	1,14,109 (3.6)	-3.2	20.1
Borrowing from government	18,562 (0.7)	18,750 (0.6)	18,758 (0.6)	-3	1
Subordinated debts	72,349 (2.8)	72,510 (2.4)	68,285 (2.2)	4.5	0.2
Other borrowings	3,29,182 (12.7)	3,87,991 (12.9)	4,21,653 (13.3)	10.6	17.9
Total borrowings	25,84,500	30,02,239	31,69,959	9.9	16.2

FINANCIAL SNAPSHOT



Muthoot Finance

The largest gold loan NBFC in India and below are the profit & loss statements of the corporation for the following periods:

Particulars	Quarter ended March 31, 2025 (Audited)	Quarter ended December 31, 2024 (Unaudited)	Quarter ended March 31, 2024 (Audited)	Year ended March 31, 2025 (Audited)	Year ended March 31, 2024 (Audited)
I. Revenue from operations					
(i) Interest income	47,835.67	43,689.61	33,575.19	1,68,770.14	1,24,475.66
(ii) Dividend income	7.11	-	8.17	47.41	70.74
(iii) Net gain on fair value changes	371.01	250.7	233	1,002.13	820.87
(iv) Sale of services	16.47	16.2	22.84	72.17	88.87
(v) Service charges	313.77	278.07	249.96	1,099.08	893.94
Total Revenue from operations	48,544.03	44,234.58	34,089.16	1,70,990.93	1,26,350.08
II. Other Income	340.67	77.01	94.85	568.6	590.36
III. Total Income (I + II)	48,884.70	44,311.59	34,184.01	1,71,559.53	1,26,940.44
IV. Expenses					
(i) Finance costs	18,796.60	16,475.85	12,227.56	64,288.39	46,547.62
(ii) Impairment on financial instruments	1,274.08	2,087.50	859.59	7,667.48	1,977.71
(iii) Employee benefits expenses	5,147.05	4,147.27	4,095.68	16,965.79	13,869.16
(iv) Depreciation, amortization and impairment	226.92	199.21	194.47	768.55	656.25
(v) Other expenses	3,235.95	2,896.47	2,571.06	11,163.32	9,401.87
Total Expenses (IV)	28,680.60	25,806.30	19,948.36	1,00,853.53	72,452.61
V. Profit before tax (III - IV)	20,204.10	18,505.29	14,235.65	70,706.00	54,487.83

FINANCIAL SNAPSHOT



VI. Tax Expense:					
(1) Current tax	5,166.18	4,901.77	3,738.37	18,807.30	14,109.62
(2) Deferred tax	-4.16	36.77	-65.64	19.49	-118.44
(3) Taxes relating to prior years	-36.28	-64.15		-128.31	
VII. Profit for the period (V - VI)	15,078.36	13,630.90	10,562.92	52,007.52	40,496.65
VIII. Other Comprehensive Income					
A) Items that will not be reclassified to profit or loss:					
- Remeasurements of defined benefit plans	-10.24	-9.25	69.36	-37.99	65.88
- Fair value changes on equity instruments through Other Comprehensive Income	-257.24	-97.73	-65.89	-419.81	375.94
- Changes in value of forward element of forward contract	-345.37	-790.37	3.19	-527.79	471.82
(ii) Income tax relating to items that will not be reclassified to profit or loss	149.21	225.84	-1.68	248.05	-229.95
Subtotal (A)	-463.64	-671.51	4.98	-737.54	683.69
B) Items that will be reclassified to profit or loss:					
(i) Effective portion of gain/(loss) on hedging instruments in cash flow hedges	-361.28	285.68	-70.87	-217.36	-87.59
(ii) Income tax relating to items that will be reclassified to profit or loss	90.93	-71.9	17.83	54.71	22.04
Subtotal (B)	-270.35	213.78	-53.04	-162.65	-65.55
Other Comprehensive Income (A+B) (VIII)	-733.99	-457.73	-48.06	-900.19	618.14
IX. Total comprehensive income for the period (VII+VIII)	14,344.37	13,173.17	10,514.86	51,107.33	41,114.79
X. Earnings per equity share (Face value of ₹10 each)					
Basic (₹)	37.56	33.96	26.32	129.54	100.88
Diluted (₹)	37.56	33.95	26.31	129.54	100.87

Regulatory Oversight

India's 2025 NBFC policy focuses on strict, risk-based regulation via RBI's scale-based framework. NBFCs are categorized by systemic importance, with rules proportionate to size and risk to protect financial stability.



Key Prudential and Governance Norms



Capital Adequacy

- Minimum capital to risk-weighted assets ratio (CRAR) is prescribed
- Capital raising options such as perpetual debt instruments are permitted.



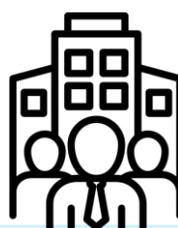
Leverage and Concentration Limits

- Limits on leverage ratios restrict excessive borrowing.
- Exposure norms limit concentration risk per borrower or group.



Asset Classification and Provisioning

- Rules mandate classification of assets based on repayment status.
- Provisioning norms require setting aside funds for potential loan losses.



Corporate Governance and Risk Management

- Fit-and-proper criteria apply to directors and senior management.
- Larger NBFCs have stronger Board oversight and risk management frameworks.

Thematic/Sectoral Rules and Recent Tweaks

“RBI consolidated over 9,000 circulars into 238 Master Directions for NBFCs, simplifying compliance, improving clarity, and easing regulatory burden nationwide.”

Sector-Specific Rules

Tailored regulations exist for Housing Finance, Infrastructure Finance, P2P platforms, Microfinance NBFCs, and Core Investment Companies under SBR.



Consolidation of Instructions

RBI has merged various guidelines into comprehensive Master Directions for regulatory clarity.



Risk Weights Calibration

Infrastructure and microfinance exposures have calibrated risk weights to align capital with risk.



Registration and Funding Simplification

Steps taken to ease NBFC registration processes and strengthen bank-NBFC funding linkages.



Scale-Based Categories

Base Layer (NBFC-BL)

Includes non-deposit taking NBFCs with assets below ₹1,000 crore, and entities like P2P platforms and non-operative holding companies with minimal public interface.

Covers non-deposit taking NBFCs with ₹1,000 crore or more assets, deposit-taking NBFCs, Housing Finance Companies, Infrastructure Finance Companies, and Core Investment Companies.

Middle Layer (NBFC-ML)

Upper Layer (NBFC-UL)

Comprises systemically significant NBFCs identified by RBI based on size, complexity, interconnectedness, and risk profile, subject to tighter prudential norms and governance.



The Top Layer (NBFC-TL) exists but remains empty unless RBI perceives serious systemic risks warranting enhanced oversight.



Grievance Redressal
of Large NBFCs follow
Internal and RBI-
Integrated Ombudsman
schemes for customer
complaints.



Market Conduct
Strengthened rules
ensure ethical
lending and fair
treatment of
consumers.



Layer Movement
RBI can upgrade
NBFCs to higher
regulatory layers if
risks escalate.

CONSUMER PROTECTION AND SUPERVISOR FOCUS

**Governance
Quality**
Emphasis on
stronger board
oversight and risk
management
practices.

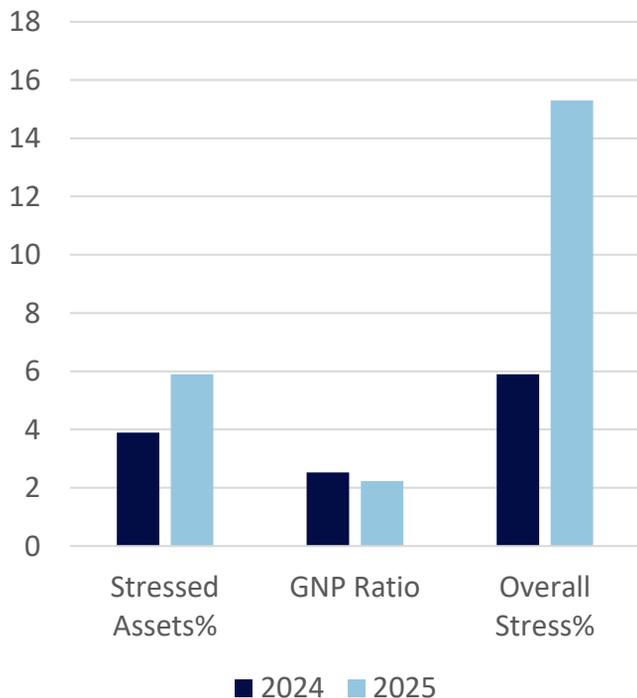
Systematic Stability
Supervisory focus
on preventing risks
that impact wider
financial stability.



Interconnectedness
Monitoring NBFC linkage
with banks to manage
contagion risks.



Credit Risk



Stressed assets rose from **3.9% in 2024** to **5.9% in 2025**, showing higher repayment pressure in micro-loans.

The NBFC GNPA ratio improved from **2.53% in 2024** to **2.23% in 2025**, partly due to higher write-offs.

Overall stress in the MFI sector jumped from **5.9% in 2024** to **15.3% in 2025**, indicating elevated credit risk in small-ticket lending.

Liquidity Risk

Severe ALM Mismatch

45% of NBFC borrowings mature within **1 year**, but only **30%** of assets do.

Sector-wide mismatch ≈ **₹90,000 crore.**

Weak Liquidity Coverage

RBI required LCR: **60% → 100% by 2025.**

Strong NBFCs: **125%**, small NBFCs: **30–40%**.

Stress Test Warning

25% NBFCs may fail to meet **30-day liquidity needs** under severe stress.

Smaller NBFCs remain under-capitalized on liquidity.

Market Risk

NBFC exposure to “sensitive sectors” (capital markets + commercial real estate) rose to **23.8% of total assets** by end-March 2024.

36% of NBFC retail credit was housing finance, **32%** was vehicle finance, **15%** was personal loans.

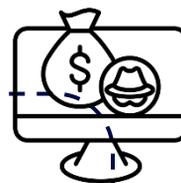
The share of NBFC credit in overall systemic credit reached **21% in FY 2024**.

NBFCs account for **65% of two-wheeler financing** as of March 2024, increasing exposure to vehicle-loan market risk.

Operational Risk



Over 48% of reported NBFC operational losses in FY2024 were linked to digital frauds & identity theft.



Cyber fraud cases in NBFCs increased by nearly 32% year-on-year in FY2024.

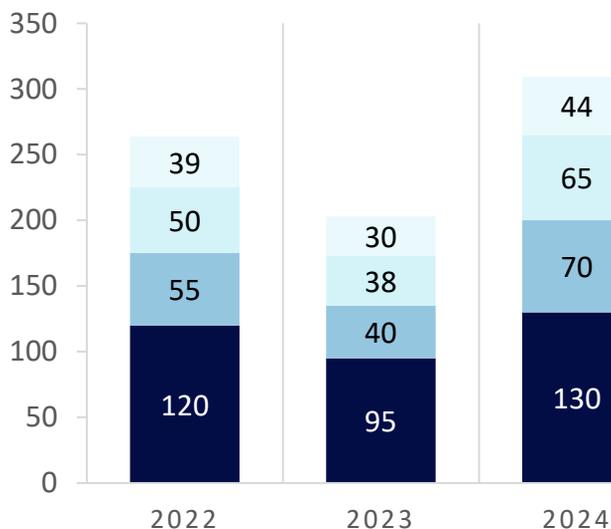
About 27% of customer complaints in FY2024 were related to system glitches & service errors.



frauds (loan + digital payments) jumped from ₹12,230 crore in FY24 to ₹36,014 crore in FY25



Key M&A Trends



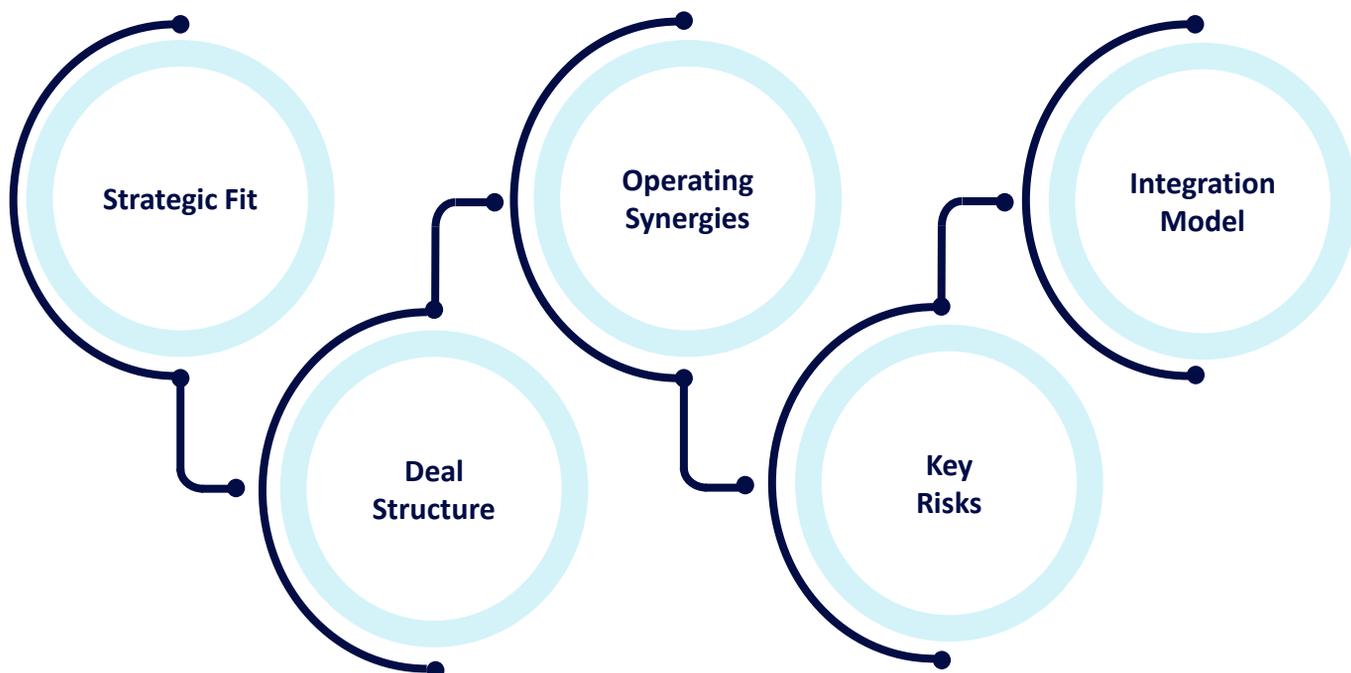
Financial services M&A strategic deal value by sector, in billions of US dollars



Financial services M&A strategic deal count by sector for deals valued at \$30 M+

5 Lenses of M&A Value Creation

To maximize value across the five pillars of M&A, you must ensure the deal achieves **Strategic Fit** by aligning with core goals, is **Priced and Structured** to protect shareholder interests, captures **Operating Synergies** through tangible efficiencies, mitigates **Key Risks** through proactive assessment, and follows a disciplined **Integration Model** to deliver the promised results.



DEAL SNAPSHOT



Gold Loan Book
Rs. 1,350 Cr



Branches
130



Employees
~700



Presence
Urban + Rural

What happened?



L&T Finance (LTF) acquired the **gold loan business** of Paul Merchants Finance Ltd (PMFL). Deal includes transfer of **₹1,350 crore gold loan book, 130 branches, and ~700 employees**. Marks LTF's **formal entry** into the gold loan segment.

Structure impact



Business acquisition, **not** a merger or share transfer. LTF absorbs PMFL's gold loan operations into its own retail franchise. Adds a **new secured lending vertical** to LTF's portfolio.

Why do it?



Fill a **product gap** by adding gold loans (high-yield, secured). Use LTF's **1.6 crore rural customers & 20,000 field staff** for rapid scaling. Fits LTF's **risk-calibrated inorganic growth** strategy.

Scale



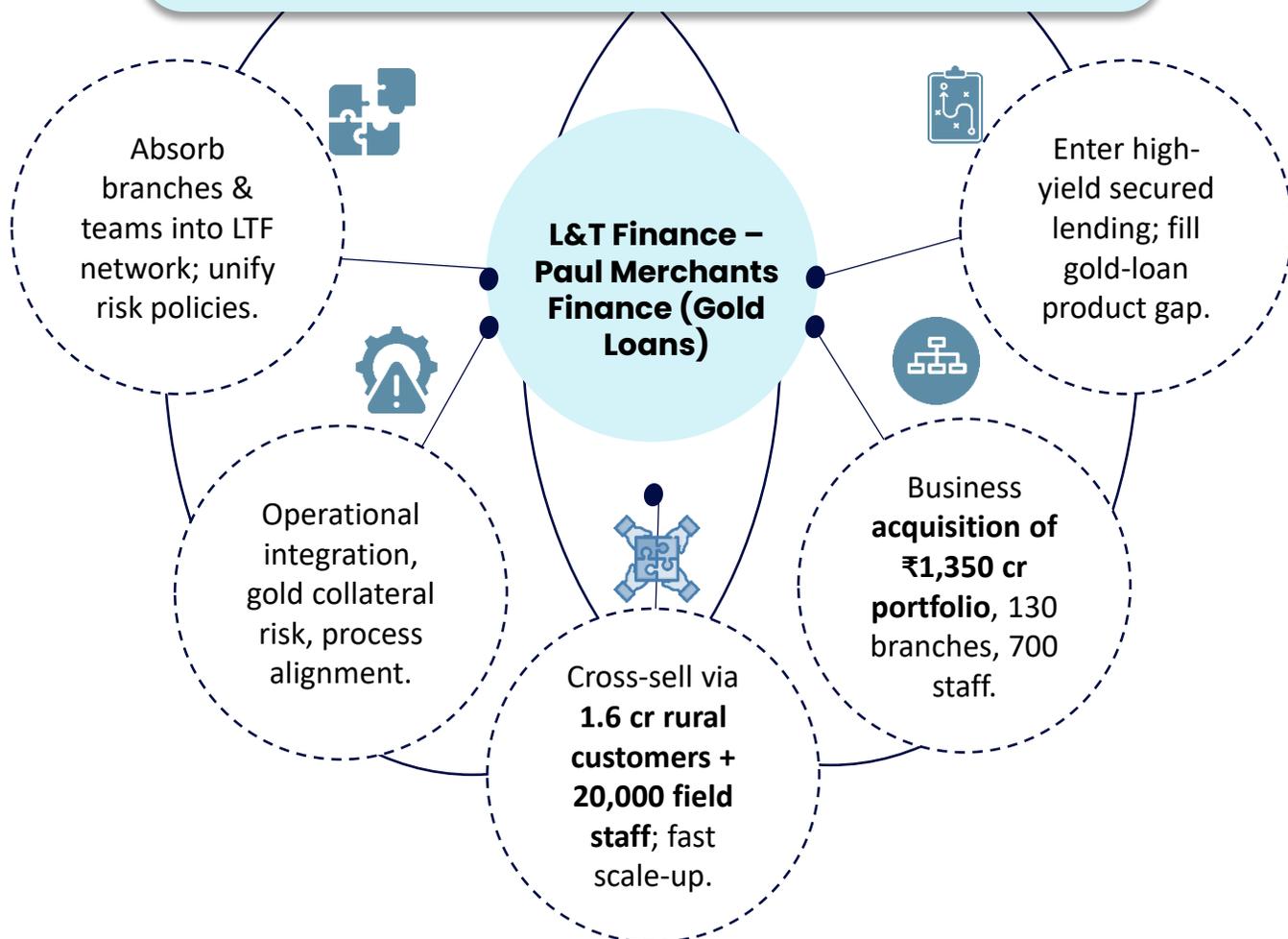
Gold loan book: **₹1,350 crore**
Branches: **130**
Employees: **700**
Adds meaningful presence in **rural + urban gold lending markets**.

USING THE FRAMEWORK 5 LENSES OF M&A VALUE CREATION TO UNDERSTAND THIS CASE



PAUL MERCHANTS
FINANCE PVT. LTD.

L&T Finance acquired PMFL's ₹1,350 crore gold loan portfolio, 130 branches, and 700 staff, marking its entry into the gold loan segment. The deal strengthens LTF's secured, high-yield retail portfolio and fits its Lakshya 2026 growth roadmap. LTF plans to scale the business using its 1.6 crore rural customers and 20,000 field agents.



DEAL SNAPSHOT



Loan Book Size
₹1.46 lakh crore



Combined AUM
₹5.03 lakh crore



FY25 Revenue
₹28,376 crore



Legal Entities
Reduced 2-1

What happened?



Aditya Birla Finance Ltd (NBFC) **merged** into Aditya Birla Capital Ltd (ABCL).

Effective **1 April 2025**
(appointed date **1 April 2024**).

Structure impact



ABFL was **wholly owned** by ABCL → **no change** in external shareholding.

ABCL moves from **Core Investment Company (CIC)** to **operating NBFC**.

Creates one **larger listed operating NBFC**

Why do it?



Simplify group structure (reduce legal entities).
Enable **direct access to capital** at operating company.
Improve **capital allocation & utilisation**.

Scale



Scale (31 Dec 2024, combined)

AUM: ₹5.03 lakh+ crore

Lending book: ₹1.46 lakh+ crore

9M FY25 revenue: ₹28,376 crore

USING THE FRAMEWORK 5 LENSES OF M&A VALUE CREATION TO UNDERSTAND THIS CASE

ADITYA BIRLA

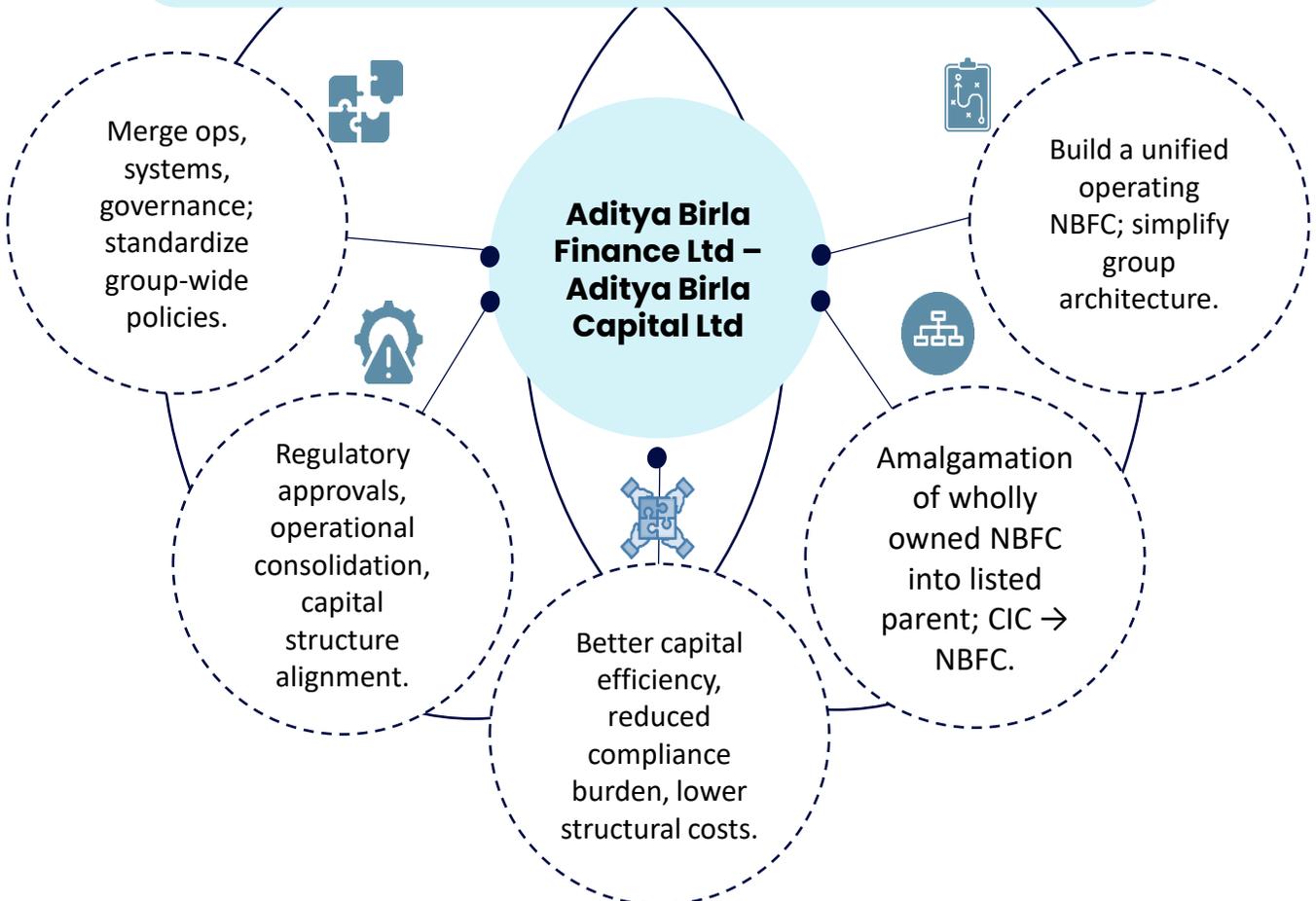


FINANCE



ADITYA BIRLA CAPITAL

ABFL merged into ABCL, converting ABCL from a Core Investment Company into a unified operating NBFC. The simplification improves capital efficiency, reduces regulatory complexity, and strengthens long-term scalability. The integrated structure positions ABCL for more efficient growth across lending businesses.



THE FALL OF DEWAN HOUSING FINANCE LIMITED



BACKGROUND

Founded in 1984, DHFL aimed to provide affordable housing finance to middle and lower income groups in India. It was established to support India's growing need for affordable housing finance



GROWTH

The company grew rapidly by expanding into semi urban and rural markets, becoming one of the India's top housing finance companies



DOWNFALL

In 2019, an expose by CobraPost alleged financial irregularities, fund diversion and political donations, leading to a loss of investor confidence.



CRISIS AND INSOLVENCY

DHFL defaulted on multiple debt payments, prompting RBI intervention and bankruptcy proceedings under the insolvency and bankruptcy code (IBC)



RESOLUTION

In 2021, Piramal Capital and Housing Finance Ltd. Acquired DHFL through an IBC-approved resolution plan, marking one of India's largest financial sector recoveries.



POST ACQUISITION STABILIZATION

Nearly ₹45,000 crore of assets were absorbed, ₹34,000 crore of stressed assets restructured, and collection efficiency improved by 20% in the first year.

THE FALL OF DHFL

Cause, effect, outcome and learning relationship in DHFL

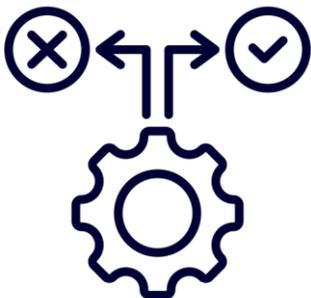


CAUSE

1. Cobrapost Investigation.
2. Illegal political donations.
3. Alleged money laundering.
4. Corporate governance failures.

EFFECT

1. Loan default.
2. Credit rating downgrades.
3. Liquidity freeze.
4. Regulatory scrutiny intensified.



OUTCOME

1. Promoters arrested.
2. Piramal group acquired DHFL.
3. Sent to insolvency under IBC.

LEARNING

1. Stronger governance is critical.
2. The case set a precedent.
3. The early warning system matters.
4. Regulatory gaps must be closed.



THE FALL OF DHFL

Stakeholder Impact Map

How the downfall of DHFL affected key stakeholders across India's financial system?



EMERGING TECHNOLOGIES



Emerging Technologies disrupting current models	Key benefits of emerging technology		Disruptive models across the value chain
Artificial Intelligence	Automated end-to-end credit management	Seamless integration with external data	Faceless and paperless eKYC and onboarding
Robotic Process Automation	Paperless processing	Real-time reconciliation	Faster loan processing from origin to disbursement
Advanced Analytics	24x7 customer support	Agility and scalability	Addressing new markets – underserved and unserved
API	Integrated accounting engine	Unified solutions and operational efficiency	Based on multiple data sources – social media, government data
Blockchain	Dynamic workflow management	Robust risk mitigation	Automated & personalized underwriting & risk management process
Chatbots and Natural Language Processing	Powerful rule engine	Better compliance and fraud management	Automated reconciliation, monitoring and update



Role of NBFCs in India's Future

- RBI's initiatives promote responsible lending practices and foster financial inclusion through NBFCs..
- Offering new products and services, thus driving innovation.
- Enhancing competition in the market, thus leading to better services for customers.



How NBFCs can Thrive in the Future

- Adapting to new technology and big data analytics for consumer insights and risk assessment.
- Providing a seamless consumer experience to get a larger consumer base.
- Strategic partnerships with banks to unlock new growth opportunities.



Future Challenges

- Increased competition from existing players and potential new entrants like fintech companies.
- Adapting to evolving regulations and ensuring compliance with data privacy and consumer protection guidelines.
- Mitigating cybersecurity risks associated with increased reliance on technology.

PREDICTION FOR FUTURE

- 1** Likely to experience consolidation as small players merge or specialise in niche area to effectively compete with each other.
- 2** Projected to maintain a higher credit growth rate compared to traditional banks, with some estimates placing it between 15-17% in FY26.
- 3** NBFCs' profits are expected to grow annually by 16%, which will significantly contribute to India's financial sector profits, which are set to double by 2030.

KEY CONTRIBUTORS



KRITEE
President



PARISHI JAIN
PR Director



ANSH MEHTA
Junior Associate



BHAVYA GAMBHIR
Junior Associate



ARPIT GUPTA
Junior Associate



DEV SHUKLA
Junior Associate



ADI CONSUL
Junior Associate

For More Insights, Follow Our Official Channels!



www.finsddu.in



[finsdduc](https://www.instagram.com/finsdduc)



[Fin-S, The Finance Society](https://www.linkedin.com/company/fin-s)