

Fintech Solutions - A boon to the Microfinance Industry for ensuring Customer Safety and Ease

Financial Technology (Fintech) is playing an invaluable role in the digital transformation of the microfinance sector that provides collateral-free credit to over 6 crore women in the country. Social distancing norms during Covid 19 and curb on movement prompted microfinance organizations to explore Fintech solutions to ensure customer safety and ease.

Many organizations introduced Apps and Services with the objective of providing turnkey services to customers at the click of a button. Satin Creditcare Network introduced an App - a one-stop solution for the clients for their post-loan services. The App allows customers to view and manage their active loans, make payments, and download financial statements. Besides this, customers can pay EMIs, part pre-pay or foreclose loans, access information on future payments through the app itself.

Muthoot Microfin introduced 'Mahila Mitra', a customer app where customers can pay installments, view loan track, apply for new loans, refer leads, file a complaint etc. To handle customer grievances better, Arohan Financial Services upgraded its CRM & Contact Centre solution to a cloud-based platform which enabled its CRM team to be always available on phone to handle customer queries on its toll-free number.

SaGgraha Management Services adopted a Collection Management Application which could capture information of 'Promise to Pay (PTP)' date provided by customers allowing employees to follow-up with them according to their given PTP dates. Other organizations focused on technology for on-boarding customers. New Opportunity Consultancy adopted a completely digital, AI-enabled, customer onboarding and verification process which helped in bringing in more efficiency in customer evaluation and reducing the interaction between employees and customers.

Centrum Microcredit shifted completely to paperless disbursements with the launch of the Aadhar-based customer e-sign and helped customers mitigate their KYC Risk. Satya MicroCapital on the other hand adopted Video KYC or VKYC which is an AI-driven Customer Identification process. Through facial matching with Client's ID, automated data extraction, and Machine Learning techniques done in real-time, the Client Verification Process is accelerated and more accurate.

Covid 19 propelled organizations to initiate digital collections. Many organizations adopted UPI enabled payments while some went ahead to endorse QR Code based UPI payments where each branch/collection centre of the organization has a unique UPI QR code which the customers could use to make their loan instalment payments.

About Microfinance Institutions Network

MFIN is a premier industry association comprising 58 NBFC-MFIs and 39 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of bringing the NBFC-MFIs under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusion goals.

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