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Whitepaper

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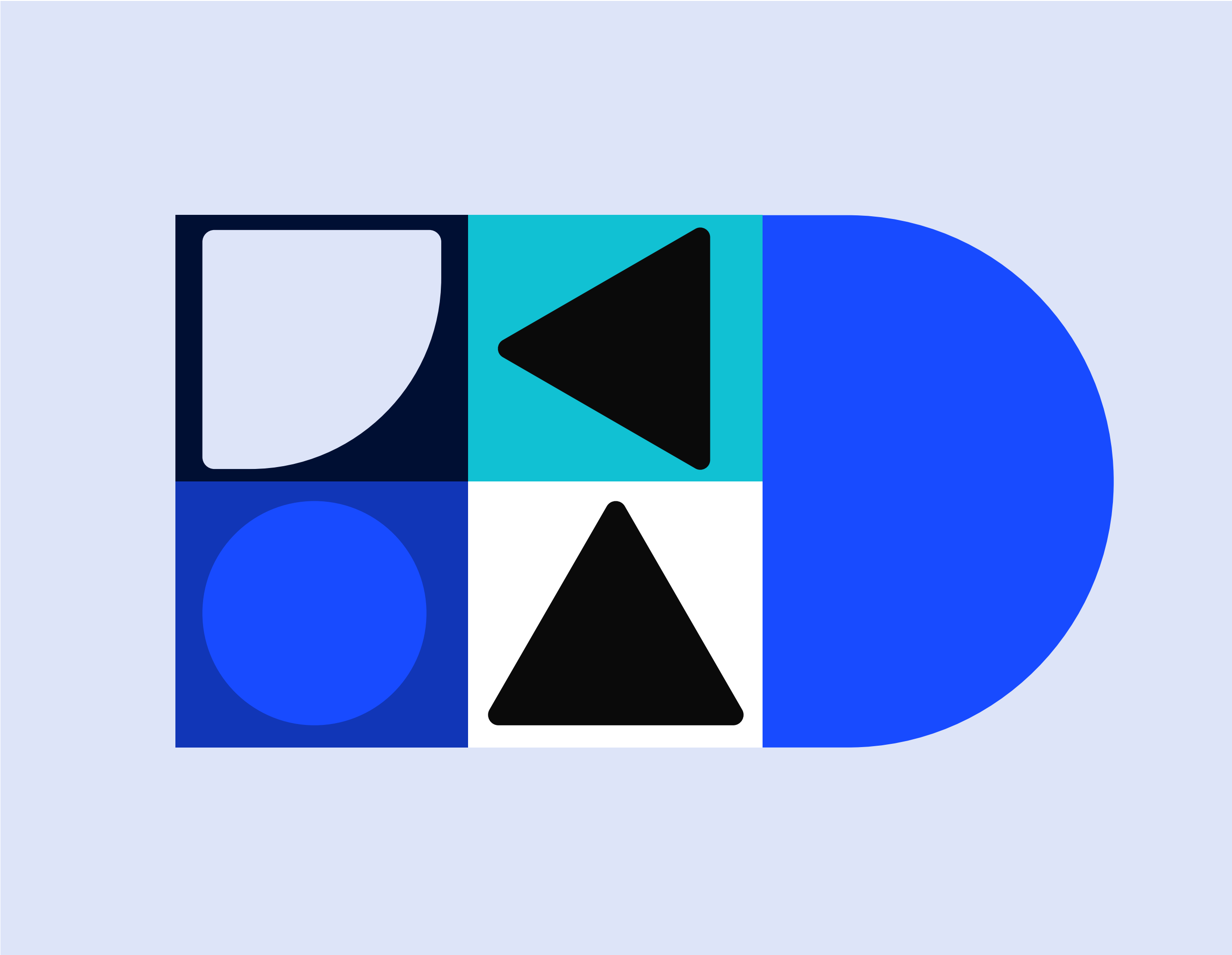

Embedded credit at scale

A practitioner's guide for lenders and loan service providers

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Preface

This whitepaper aims to address one of the most pressing challenges in the banking sector today: the friction in partnerships between banks and Loan Service Providers —customer-facing digital platforms that embed credit products. With the rise of embedded credit and the need for faster, more efficient credit infrastructure, banks are facing heightened pressure to modernise their systems and maintain customer relationships—especially with the growing threat of fintechs and big tech companies capturing market share.

As banks look to forge partnerships with LSPs to unlock new business models and meet customer demands, the journey from discovery and alignment to full integration remains fraught with challenges. This whitepaper explores how a comprehensive Bank-as-a-Service (BaaS) infrastructure, specifically in the form of an LSP marketplace, can bridge these gaps, creating a tech layer that simplifies partner integration and management, while ensuring a seamless borrower experience and scalable operations.

Through a detailed analysis of the key obstacles—ranging from discovery and collaboration to scalability and compliance—we outline how an enabling tech layer can provide a secure, efficient, and adaptable solution for banks, fintechs, and other financial institutions. Ultimately, our goal is to provide insights that will not only help organisations navigate the complexities of digital transformation but also drive tangible results by addressing both pre- and post-integration challenges.

We hope this whitepaper serves as a valuable resource for banks, LSPs, and technology innovators striving to improve their partnerships, streamline operations, and deliver superior lending services to their customers.

Chapter 1

Embedded credit explained

As the ecosystem matures, it is transitioning towards a borrower-first, product-centric network (see fig.1). In this model, borrower needs take centre stage, and credit products are designed to address specific pain points, such as flexibility, accessibility, or affordability.

At the heart of this dynamic are Loan Service Providers (LSPs), customer-facing digital platforms that translate borrower needs into tailored financial solutions — master architects of seamless borrower journeys. LSPs serve as intermediaries between regulated lenders (banks, NBFCs) and borrowers, facilitating loan origination, underwriting, and servicing without extending credit themselves. This includes marketplaces, superapps, DSA aggregators, and fintech platforms that connect borrowers with lenders.

Supporting this dynamic are the lenders (banks and NBFCs) — the foundation upon which the ecosystem is built. They bring the financial infrastructure that sustains and scales embedded credit solutions.

To enable seamless partnerships between LSPs and lenders, however, a technology-driven middle layer is required — one that solves for discovery while facilitating seamless collaboration between banks and digital platforms, hereinafter referred to as the LSP Marketplace. Together, an ecosystem serves as fertile ground for creating lasting value for every participant.

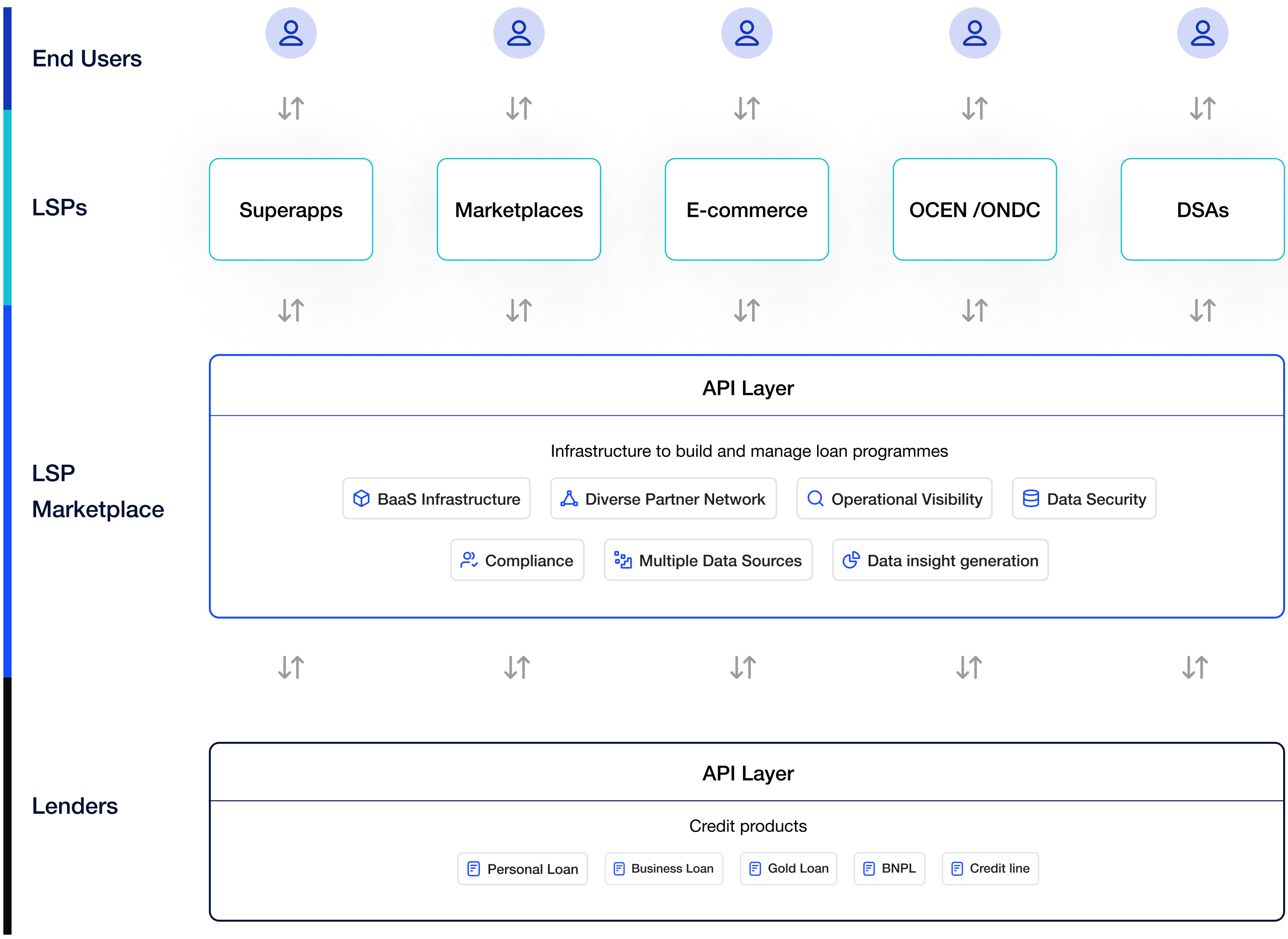


Fig 2: Illustrative view of communication between each stakeholder in embedded credit

Embedded credit explained

What it is and why it's important

Embedded credit is the seamless integration of credit products into non-financial platforms or ecosystems, enabling customers to access financing at the point of need, without leaving the primary platform. It makes credit available as part of a larger purchase or transaction, blending into the customer journey. It envisions a future in which credit products are seamlessly incorporated into the fabric of ordinary digital interactions. To enable such seamless experiences, Banking-as-a-Service (BaaS) acts as the backbone of the ecosystem.

BaaS provides the infrastructure, Application Programming Interface (APIs), and compliance frameworks required for non-financial platforms to integrate credit and other banking services effortlessly. Through BaaS, regulated financial entities such as banks and Non-Banking Financial Companies (NBFCs) make their core capabilities—lending, payments, account management, and more—available to third-party platforms. These platforms can then deliver financial services directly to end-users, ensuring the credit experience is embedded within their primary digital journey.

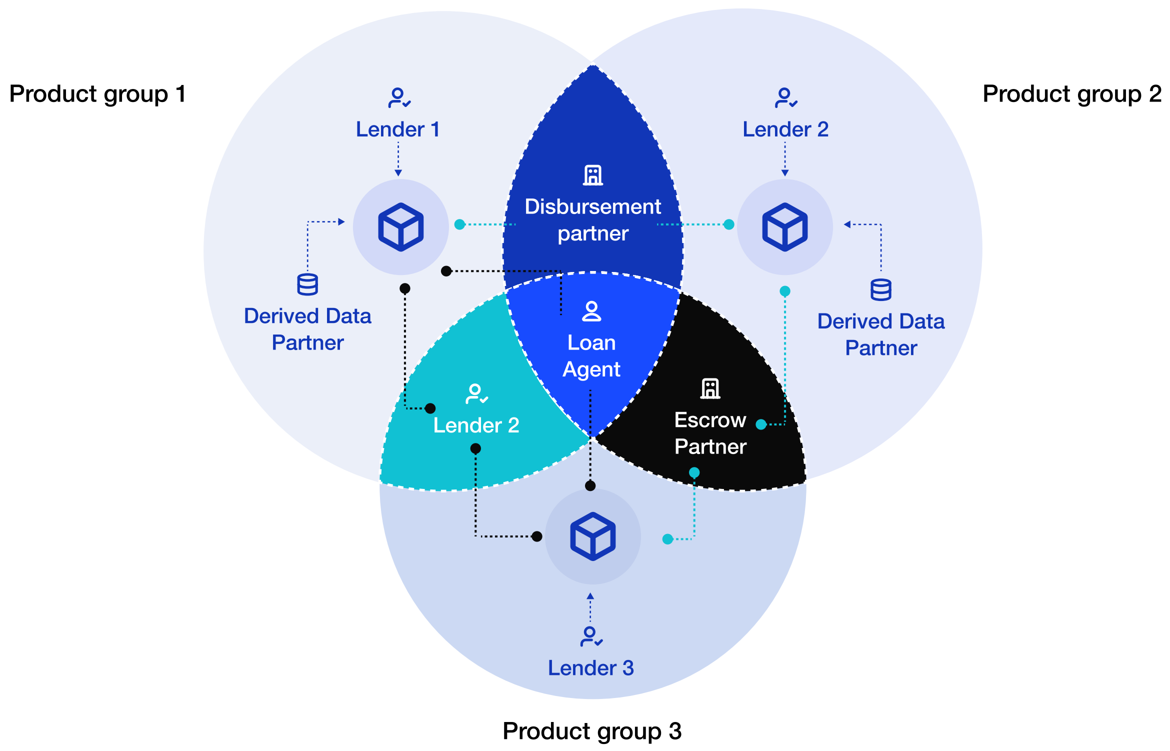


Fig 1: Loan product centric digital credit network | Credit: ONDC

Chapter 2

The embedded credit landscape

The embedded credit landscape

Why the new value chain is a lucrative proposition

The BaaS market in India is projected to reach USD 30.19 billion by 2030, growing at a Compound Annual Growth Rate (CAGR) of 13.2%. This substantial growth reflects the increasing demand for seamless, embedded financial solutions across sectors.

Banks across India are actively investing in BaaS APIs, with leading private banks offering 150-250 APIs on average to facilitate seamless integration with third-party platforms, enabling developers from across the globe to build, test, and deploy applications effortlessly. The fact that 'API Banking progress' has earned a dedicated section in annual reports published by banks is a testament to its growing importance and strategic significance within banks' digital transformation agendas.

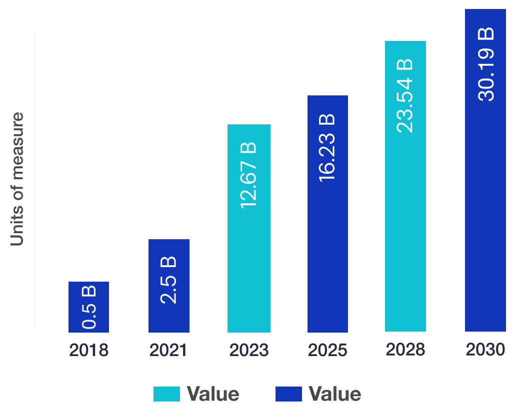
The case for embedded credit

Reduced customer acquisition cost

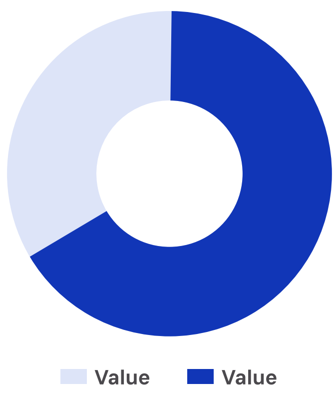
A McKinsey study revealed that banks engaging in embedded finance partnerships slashed customer acquisition costs from €4,000 to just €200, while conversion rates surged from 15% to over 50%.

Revenue potential

In Europe, the embedded finance market generated €20 billion to €30 billion in 2023, accounting for ~3% of total banking revenues. India is on a similar trajectory, with digital channels driving 70-80% of customer acquisitions for private banks, 50-60% for public sector banks, and 90-100% for fintechs and neobanks.



India BaaS Market revenue in USD Billion (2018-2030)



India BaaS Market share by type (2023)

Fig.3 Indian BaaS market | Source: Stellar Market Research

LSPs — a key lever for lending book growth

LSPs built on digital public infrastructure are expected to drive ~30% growth in lending books, fuelled by embedded credit solutions.

Agriculture sector

Platforms enabled by AgriStack are projected to impact ₹5 lakh crore (40% of existing agri-lending), revolutionising credit access for farmers and agri-businesses.

SME sector

SMEs (both B2B and B2C) are gravitating toward platforms with integrated financial solutions. Leveraging initiatives like ONDC, GeM, and the Health Stack, this segment is expected to impact 12 lakh crore (35% of existing SME lending).

Infrastructure sector

Infrastructure companies, supported by initiatives like Gati Shakti, are set to impact ₹3 lakh crore (15% of current lending), driving growth in project financing and development.

Public digital platforms will spur growth in lending with lower processing and acquisition costs

30% Lending book growth expected

Beneficiaries		Impact INR Lakh Crore	%Existing Lending
Agri (Agri Stack)	• Farmers • Suppliers	5	40%
MSMEs (ONDC,GEM Health stack)	• SMEs(both B2C & B2B • Health care prof • Online buyers	12	40%
Infra (Gati Shakthi)	• Infra Companies • Logistic Comopanies	3	40%

50% + Productivity enhancement

Cost of acquisition and Processing	From	To
Agri Loan	2.5%	1.5%
MSME Loan	2%	1%
Personal Loan	3.5%	1.5%

Fig 4: LSPs built on digital public infrastructure - a key lever for lending book growth Source: BCG

A symbiotic relationship that drives immense value for all stakeholders:

Borrowers

gain access to tailored, convenient financing solutions.

Lenders

expand their reach, reduce acquisition costs, and unlock underserved markets.

LSPs

boost Average Order Value (AOV), improve customer retention, enhance Customer Lifetime Value (CLTV), and gain alternate revenue streams.

Chapter 3

The challenges

The challenges

Why bank-LSP partnerships face a rocky road

Despite the significant potential, the partnership-based lending space has encountered setbacks, as one partner bank after another hit regulatory snags, leading to the suspension or scaling back of operations over the past year.

For example, Kotak Mahindra Bank, which relies heavily on partnerships—having onboarded 312 partners across lending and payment products—was hit with a regulatory embargo due to IT infrastructure issues. This forced the bank that does 95% sales online to scale back its partnership-driven initiatives and shift its focus back to expanding its physical branch network to offset curbs on digital operations.

The issue is not one-sided. Multiple fintech partners, such as PhonePe, which leveraged Yes Bank's API banking, felt the impact when the Reserve Bank of India (RBI) intervened in the bank's operations back in 2020.

In fact, even in a relatively mature BaaS market of the United States, 40% of bank partnerships failed to operationalise12. The US experience provides valuable lessons on why these failures occur—going beyond regulatory hurdles to reveal deeper issues like misaligned strategies, scalability challenges, and poor organisational alignment.

In India, these challenges are compounded by banks' limited digital capabilities, with over 85% of customers dissatisfied with their digital experiences13. These dynamics underscore the complexity of building and sustaining successful partnerships in embedded finance.

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Banks face several challenges when driving partnerships for embedded credit. Navigating the ever-changing regulatory landscape, especially with multi-jurisdictional compliance around data privacy, digital lending guidelines, and KYC & AML can be overwhelming.

Tech integration is another hurdle, particularly with legacy systems and the lack of interoperability between bank platforms and partner systems. Real-time data sharing and quick decision-making are tough without robust APIs and infrastructure — and they aren't always available. And siloed data complicates things further.

Security is a big concern too—we need clear protocols for handling sensitive customer information. Lastly, ensuring a seamless and consistent customer experience across all partners is crucial, but daunting

Abhijit Singh

Group Head - Banking as a Service(BaaS), HDFC Bank

A closer look at the key challenges shaping the partnership-driven lending landscape.

Discovery & collaboration barriers

- Despite having the resources to identify, vet, and enter partnerships, large financial institutions suffer a combination of structural, cultural, and technological challenges that makes identifying, mapping, operationalising and scaling partnerships difficult.
- Conversely, LSPs might find it difficult to navigate the regulatory complexities and scale required for partnering with larger financial institutions, leading to missed opportunities on both sides.
- Often, after dedicating time and resources to integration, lenders discover a significant lack of customer overlap, revealing the need to build an entirely new market, which leads to stagnation and conflicts in revenue sharing arrangements.

Mismatch in risk appetite

- Banks are traditionally risk-averse and prioritise asset quality, while LSPs often focus on speed, innovation, and expanding credit access to underserved segments. These conflicting approaches can lead to disagreements on credit risk frameworks.

Customer journey conflicts

- LSPs often prioritise customer-centric digital experiences, while banks may insist on additional checks that elongate the process, leading to friction in the end-to-end customer journey design.

Regulatory and compliance complexity

- Banks operate in a highly regulated environment unlike LSPs. Bridging this gap requires careful compliance alignment, especially around data sharing, underwriting standards, and KYC norms. Differences in regulatory scrutiny can create friction, as banks are wary of partnering with LSPs or other third-party players—who might expose them to non-compliance risks.

Operational challenges

- Banks face operational challenges in managing partnerships and aligning them with strategic goals. These include a lack of a centralised system for tracking relationships, limited opportunities for workflow optimisation, and insufficient analytics for informed decision-making.

- Additionally, complexities in data management & compliance documentation and inconsistent UI/UX across partner platforms further hinder partnerships.

Integration Challenges

- Embedded credit requires seamless integration between the bank's core systems (legacy systems) and the LSP's technology stack, which is often a complex and time-consuming process, that incur high operational cost.

- End-to-end monitoring is essential in today's banking sector, especially as we transition to a market requiring constant uptime and real-time operations. Many integration issues stem from legacy endpoints, highlighting the need for rapid diagnosis and clear visibility of system interactions.

- A smooth developer experience—involving clear documentation, access to an API sandbox, ready-to-use SDKs, and code samples — are crucial to enable efficient integration and reduce time-to-market for embedded credit solutions. This is a major challenge, which explains why the average timeline for onboarding a new partner range between seven and 18 months.

Scalability challenges

- The lack of standardised processes for key partnership frameworks—such as underwriting models and API integrations—hinders scalability.

- Banks struggle with everything from onboarding new partners, aligning operational & commercial needs, to adapting policies & journeys as the ecosystem evolves.

Chapter 4

LSP marketplace

LSP Marketplace

The backbone of embedded credit ecosystems

While the embedded credit ecosystem holds immense potential, its success and scalability largely depend on strong partnerships between lenders and LSPs. Lenders contribute capital, underwriting expertise, and regulatory knowledge, while LSPs excel in customer engagement, utilising data to personalise credit offerings for end-users.

Despite their complementary roles, differences in operating models, technical infrastructures, and priorities can complicate collaboration. To overcome these challenges and drive successful partnerships, a middle layer—typically provided by LSP Marketplaces—becomes essential.

LSP Marketplace serves as the connector, ensuring three key outcomes:

1. A seamless borrower experience that does not compromise on risk.
2. A secure, efficient, and scalable credit infrastructure.
3. Full control for regulated entities through a control plane that makes operations visualisable, synthesisable, and debuggable, enabling real-time oversight and adaptability.

Streamlining discovery, evaluation, and onboarding processes

LSP Marketplace act as aggregators, helping banks and LSPs discover partners that align with their business goals, technical capabilities, and compliance requirements. By facilitating this matchmaking, these platforms reduce the friction of forming partnerships in a crowded ecosystem. Here's how:

Diverse network

- LSP marketplace provide lenders access to a wide variety of LSPs, from those following a Direct Selling Agent-driven model to large-scale marketplaces. This diversity offers flexibility for lenders to choose partners based on their specific needs—whether they require niche service providers or broader, established platforms with a large user base.
- For LSPs, being part of such a network offers access to multiple lenders, enhancing business continuity, especially when regulatory actions impact individual banks/NBFCs.

Reliability

- For LSPs, being listed on these marketplaces enhances credibility and provides access to a broad network of lenders.
- For lenders, these platforms offer the advantage of leveraging existing integrations, proven use cases, and market-tested solutions from established partners, reducing the time and risk associated with forming new partnerships.

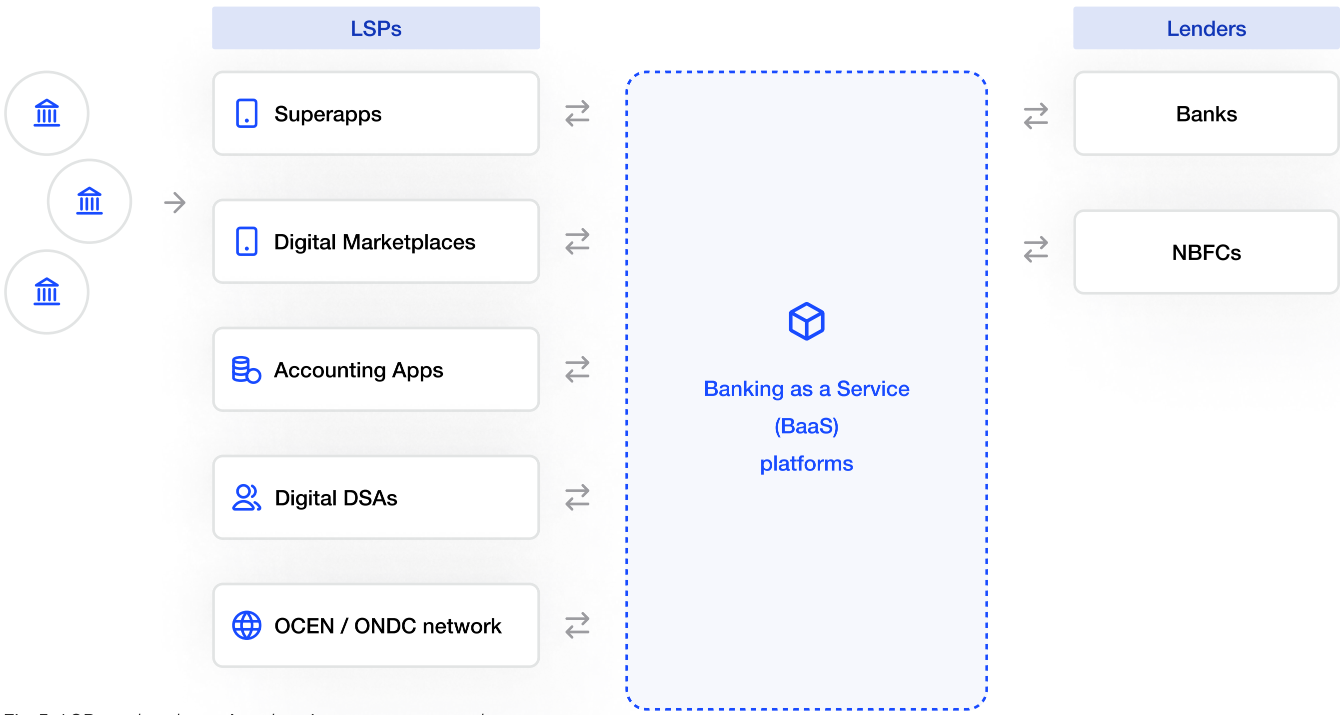

Fig 5: LSP marketplace: Accelerating partner networks

Mapping and testing capability

Beyond just partner discovery, aggregators play the most critical role in building the infrastructure that makes collaboration seamless and scalable. A key element of this infrastructure is a sandbox environment—allowing lenders and LSPs to assess strategic fit before committing resources to integration. Many partnerships stall due to a lack of clarity on business alignment. A sandbox mitigates this by enabling both parties to simulate real-world scenarios, ensuring informed decision-making. This pre-integration Data Room Exercise (DRE) streamlines collaboration by offering:

- **API testing:** Validate how the APIs perform and interact with their systems.
- **Customer overlap analysis:** Evaluate whether their respective customer bases align, enabling better targeting and market segmentation.
- **New product experimentation:** Identify joint growth opportunities by modelling and testing potential offerings.

Ease of Integration

Building a bank integration is like navigating a labyrinth. This complexity arises from the need to harmonise legacy systems with modern technologies, ensuring seamless data flow and real-time decision-making.

The absence of robust APIs and standardised protocols can make this process feel like finding a needle in a haystack. Moreover, the imperative to maintain stringent data security and compliance standards adds layers of difficulty, making the integration process a "tightrope walk" between innovation and regulation. This is where an LSP marketplace truly comes into its own.

- By using a standardised approach to integrations, the need to reinvent the wheel with every new partner is eliminated. This streamlines processes and improves efficiency, enabling scalable partnerships more effectively. Hence, it is crucial for aggregators to move towards productising integrations.
- From our experience with multiple bank integrations, most issues arise from legacy endpoints, which highlight the importance of rapid diagnosis and clear visibility into system interactions. To address this, we've introduced an observability stack in our Integration Manager's interface. This tool allows banks and NBFCs to trace and pinpoint system issues, identify lagging areas, and even predict potential problems before they escalate. Such proactive insights have been game-changing when it comes to mitigating risks and ensuring smooth operations.
- Given that advanced integration is one of the most challenging aspects of the industry, there's a need for tools that facilitate self-service, specifically through low-code platforms. We have seen the difference plug-and-play APIs, developer-friendly tools (comprehensive documentation, API sandbox, and SDKs and code samples) can make in eliminating much of the technical complexity involved in integrating diverse systems, accelerating the discovery-to-onboarding timeline.

The great balancing act:

Risk management

Borrower experience

VS

Lenders' risk concerns and LSPs' focus on customer experience often create friction in embedded credit ecosystems. Banks, particularly, require extensive validation checks that add friction to the borrower journey, raising concerns for LSPs.

LSP marketplaces can bridge this gap by delivering solutions that equip lenders to easily integrate a range of data sources into streamlined plug-and-play workflows. For example, to verify employment for salaried borrowers, only two inputs, say a phone number and business email can trigger a series of checks—UAN validation, MCA company verification, EPFO status check, domain authentication, and email validation—all without adding extra steps for the borrower.

This approach alleviates lenders' risk concerns while maintaining a smooth customer experience, enabling both parties to collaborate effectively.

LSP marketplace: Enabling all flavours of partnership

Fig 6: LSP marketplace: Enabling all flavours of partnership

Partnerships in the lending ecosystem vary in structure and complexity. The key to making partnerships work is supporting diverse models by providing flexible solutions that align with each partner's strategic objectives.

In scenarios where the partner manages the end-user experience entirely, as an LSP marketplace for instance, we offer comprehensive tools and APIs that integrate seamlessly with their platforms, ensuring a smooth and efficient process. Conversely, when the lender oversees the end-user experience, we provide robust back-end solutions that facilitate secure data exchange and real-time decision-making, enabling the lender to maintain control over the customer interface.

For partnerships where responsibilities are shared—such as the partner handling user information collection and prequalification, while the lender wants control over underwriting and KYC aspect of the interface—we supply modular components that can be tailored to each party's needs. This approach ensures that both the partner and the lender can deliver a cohesive and efficient experience to the end-user.

By offering such adaptable solutions, LSP marketplaces are better equipped to empower partners to define and control the end-user experience in a manner that best fits their business model and customer engagement strategy.

Enabling lender oversight through operational visibility

For sustainable embedded credit partnerships, lenders need to go from being only the back-end rails to actively owning the borrower experience. LSP marketplaces can make this happen by equipping lenders with a robust control plane that make lending operations visualisable, synthesisable, and debuggable. Here are the key elements that could enable this:

1

An integrated, end-to-end view, streamlining partner management and enabling efficient coordination between sales, operations, RCU, and credit teams throughout the lending process.

2

Real-time visibility into partner performance, compliance, and funnel efficiency, enabling them to derive detailed insights into key operational metrics.

3

Real-time alerts that notify lenders of anomalies such as funnel drop-offs, compliance discrepancies, or API downtimes, allowing for prompt corrective action to maintain operational integrity.

4

Programme controls within the platform allowing lenders to seamlessly activate or deactivate programs directly from the dashboard

5

Actionable insights to enhance loan programme performance and facilitate segmentation and personalisation of borrower journeys.

6

Ability to adjust journeys and policies dynamically—without the need for coding—enabling rapid alignment with partner expectations.

7

Ability to implement flexible pricing models across partners, customised to individual terms of agreements.

Chapter 5

Data protection and consumer privacy

Data protection and consumer privacy in API banking

Safeguarding trust in API banking

As data sharing between organisations intensifies, APIs are facing a higher risk of data breaches. The rapid expansion of APIs has given rise to shadow and dormant APIs, which significantly increase the risk of unauthorised access to sensitive data. This growing vulnerability has made APIs a prime target for cyberattacks, especially public APIs that expose private consumer information to external parties.

Despite regulations like the Digital Personal Data Protection (DPDP) Act 2023, RBI's Master Guidelines on IT Outsourcing and Digital Lending, and its Cybersecurity Framework for Banks, the risk of private data leakage through public APIs remains significant. This is because there's a gap between the requirements of privacy law and capabilities of data systems.

To effectively integrate data protection principles into technical architectures, organisations need to adopt specific systems and practices. A key challenge is the absence of comprehensive governance tools, which makes it difficult for lenders to assess whether systems are handling data according to policy requirements. For partnerships to sustain and scale, LSP marketplaces — the enabling layer — must find ways to equip regulated entities with data control, provenance, lifecycle oversight, and accountability tools for managing personal data according to legal frameworks and institutional commitments.

A critical cybersecurity practice for protecting sensitive data is Data Leakage Prevention (DLP). This strategy focuses not only on identifying data leaks but also on preventing unauthorised access to consumer information, ensuring compliance with privacy regulations.

To implement DLP effectively, one approach is to scan API traffic in transit without adding latency. LSP marketplaces can either integrate DLP tools that bundle with other API security features or build in-house solutions to detect data leakage. Another effective technique is API drift detection, which continuously monitors API operational states, identifying any deviations from expected behaviour and pinpointing areas where data leakage might occur.

Furthermore, we have seen just how big a role an LSP marketplace can play in driving the adoption of consent frameworks, such as the Account Aggregator (AA). For example, we have seen adoption rates of AA increase to 70%, significantly surpassing industry benchmarks, by enabling rapid iterations to optimise the borrower journey. Scaling the adoption of AA ensures that sensitive data is shared securely and responsibly, fostering greater trust between consumers and service providers.

FinBox LSP Marketplace: Transforming embedded credit partnerships

Discover

- Identify new addressable market via Finbo's partner ecosystem. Explore LSPs and curated credit deals effortlessly.
- Uncover high-quality lead pipelines before integration using our sandbox environment How?
- Run a Data Room Exercise - a collaborative, secure environment where you and the potential partner share data to evaluate synergies and areas of oppurtunity.
- Minimise risk by ensuring you have clarity on market oppurtunities(whether the partnership should target existing markes or explore new

Launch

- Access pre-integrated LSPs for faster go-live..
- A dedicated team to perform rigorous UAT for each partner CUG testing on production environment
- Streamline partner onboarding with automated validation workflows.
- Easily add or remove partners, LSPs, or platforms with flexible controls.
- Reduce time-to-market to launch new credit products by up to 60% with pre-configured workflows and rapid integration support.
- Comprehensive API documentation, ready-to-use Postman collections, extensive test case libraries, and a stable UAT environment with mock support.

Monitor

- FinBox Dashboards for application management. End-to-end view for sales, ops, RCU and credit.
- Get actionable insights for loan program optimisation.
- Track partner performance, compliance adherence, and funnel efficiency in real time.
- Receive real-time notifications for anomalies like funnel drop-offs, compliance gaps, or API downtime.
- Activate or deactivate programmes directly through the dashboard.

Optimise

- Access real-time analytics to segment and personalise journeys
- Modify workflows (journeys) and operational rules (policies) on the fly (zero coding required) to match partner expectations.
- Easily implement variable pricing models across partners based on individual partner agreements.
- Incorporate pre-built flows such as employment verification, compliance & credit checks, etc into your workflow.
- Scale: Go live with multiple credit programmes (PL, BL, Credit Cards, LAP, GL, HL, etc.) across 20+ sourcing partners pre-integrated with FinBox.

Chapter 6

How partnerships power loan product innovation

How partnerships power loan product innovation:

The curious case of Equated Daily Installments (EDI)-based credit

One of the biggest challenges in providing timely funds to MSMEs is the lack of reliable and consolidated data for underwriting. With over 70% of these enterprises being unincorporated, they cannot be traced to formal data sources like GST or income tax records. QR code payment platforms, however, offer a unique solution to bridge this data gap.

These platforms—used by small businesses such as kirana stores and street vendors—hold a treasure trove of transaction data, giving lenders access to a ready user base that needs credit. This partnership not only solves the high origination and underwriting costs but also addresses a previously unsolved problem—collections.

Strategic control over collections

- Payment providers are uniquely positioned to maintain control over collections. Money transacted via QR codes sits in virtual accounts, allowing lenders to automatically debit overdue amounts from borrowers' accounts before reconciliation at the end of day, once sufficient funds are available.

- The advantage of the virtual account system is its seamless integration with automated debt recovery, which drastically reduces collection costs. For example, if lenders were to use eNACH instead, the cost of collections would be 7.5X higher due to interchange fees and penalties for failed transfers.

Catch delinquency early on

- The daily repayment structure inherent in EDI-based loans helps lenders identify defaulters early on. Early warning signals can be detected well in advance, as lenders don't have to wait an entire month to know whether a borrower will renege on the payment. This significantly improves risk management, making EDI a more predictable and reliable form of lending.

Key insights from the Muthoot FinCorp ONE experience

Overview

- Muthoot Fincorp wanted to diversify its offerings into the MSME space
- It wanted to partner with QR based payment platforms such as PhonePe PayTM, and BharatPe to launch EDI loans
- Muthoot Fincorp built smart underwriting policies and needed the technology capability to lend to 100 million merchants

Objective

Muthoot Fincorp needed a technology stack that could:

- Enable it to onboard customers for EDI loans
- Allow it to scale across the top payment platforms
- Provide control to manage collections easily

Solution

Muthoot Fincorp adopted FinBox EDI Stack and FinBox Partnerships Stack that helped it to :

- Launch STP customer onboarding journeys across top QR payment platforms
- Manage and scale the EDI program, including drop-offs management, reporting, compliance, etc.

Impact

(2024-25)

User acquisition

Median growth ranging from 30.4% to 52.4% across platforms

Lower delinquency

Daily settlement helped Muthoot achieve significantly lower NPA

Disbursement value

Growth ranges from 120% to 300% across platforms

Faster GTM

Launched STP journey in less than 6 weeks

Approval rates

Median growth in approval rates ranged between 60-85% across platforms. This indicates how high-quality data such as transaction data can help with targeted marketing — better segmentation and ensure timely delivery of credit products as per need.

Lower CAC

Quality customer acquisition with lower cost, using data available with payment platforms

Quick policy iterations

Deployed a total of 31 policies across 3 partners in one year

Conclusion

Through our experience working with multiple lenders and LSPs, we've identified that the biggest obstacle in bank-LSP partnerships is the BaaS infrastructure. The first crucial step is the productisation of integrations. Additionally, a BaaS provider plays a vital role in solving challenges around partner management and optimization. While these infrastructure-related solutions are critical, it's equally important to address pre-integration challenges. Although these might seem secondary compared to the larger infrastructure hurdles, enabling access to the right partners and aligning synergies before integration ensures that you're laying a strong foundation rather than rushing ahead prematurely. Hence, there's a need for BaaS providers to double up as LSP aggregators.

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Abbreviations

1. BaaS: Banking-as-a-Service
2. API: Application Programming Interface
3. NBFC: Non-Banking Financial Company
4. LSP: Loan Service Providers
5. AOV: Average Order Value
6. CLTV: Customer Lifetime Value
7. CAGR: Compound Annual Growth Rate
8. PSB: Public Sector Bank
9. SFB: Small Finance Bank
10. DRE: Data Room Exercise
11. DSA: Direct Selling Agent
12. GST: Goods and Services Tax
13. B2B: Business-to-business
14. B2C: Business-to-consumer
15. SME: Small and Medium Enterprises
16. RBI: Reserve Bank of India
17. KYC: Know Your Customer
18. AML: Anti-Money Laundering
19. SDK: Software Development Kit
20. UI/UX: User Interface/User Experience
21. UAN: Universal Account Number
22. MCA: Ministry of Corporate Affairs
23. EPFO: Employees' Provident Fund Organisation
24. RCU: Risk Containment Unit
25. DPDP: Digital Personal Data Protection
26. DLP: Data Leakage Prevention
27. AA: Account Aggregator
28. EDI: Equated Daily Installments
29. QR code: Quick Response Code
30. eNACH: Electronic National Automated Clearing House
31. STP: Straight-Through Processing
32. NPA: Non-Performing Asset
33. GTM: Go-to-Market

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