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CHANGING LIVES.

*A tech-focused impact-first
investment bank*



Key Updates from Regulators

What is P2P lending?

- Peer-to-peer (P2P) lending **connects individual lenders and borrowers** through RBI-regulated platforms, facilitating **quick loans for short-term needs** like medical emergencies, business expenses, etc. for a fee
- A segment of borrowers finds it **easier to borrow from P2P platforms** than from banks and NBFCs as the **processing and disbursement are quicker**

The Reserve Bank of India (RBI) has introduced amended guidelines for P2P lending platforms, aiming to enhance transparency and curb irregular practices. Key points include:

Prohibition of Credit Risk Assumption

1

NBFC-P2P platforms **can no longer assume credit risk**, ensuring lenders understand their risks and encouraging them to assess borrower creditworthiness carefully

Escrow Account Regulations

2

The guidelines maintain a 2-escrow account system but require **funds to be transferred within 1 day of transactions**, promoting timely processing and segregation of funds

Restrictions on Cross-Selling

3

The restrictions on cross-selling, except for loan-specific insurance products, will **reduce conflict of interest**

Cumulative Lending Limits

4

While there are no new caps on aggregate exposure, **existing limits and requirements for net-worth certificates remain in place**, though implementation challenges persist

Governance and Matching Policies

5

Use board-approved policies for matching lenders and borrowers, **enhancing governance and accountability**

Revised Fee Structure

6

Fees charged will now be **fixed or a set percentage** of the loan amount, rather than based on repayment performance

What is ULI?

- The RBI is introducing the **Unified Lending Interface (ULI)** to revolutionize the lending process in India, just how UPI transformed digital payments by making transactions seamless and accessible
- ULI aims to **streamline credit delivery**, particularly for sectors like agriculture, small businesses, and rural borrowers, by integrating fragmented data sources into a single platform with standardized APIs

By addressing key pain points like slow processing, high costs, and limited credit access, ULI could create a more inclusive and efficient financial ecosystem in India. Key potential impacts include

Faster Loan Approvals

1

ULI could significantly **reduce turnaround times** for loans by providing real-time access to crucial data

Lower Costs

3

Standardization may lead to reduced operational costs for lenders, **potentially lowering interest rates for borrowers**

Improved Credit Access

2

By **accurately assessing creditworthiness**, ULI could expand access to credit for underserved segments

Diverse Lender Participation

4

ULI will include both banks and non-bank lenders, fostering a **more competitive lending environment**

IRDAI's new master circular enhances protection for life and health insurance policyholders by:



Digital Policy Issuance: All insurance policies must now be **issued electronically**, with physical copies available upon request.



Improved Transparency: Policyholders receive essential documents, including a **Customer Information Sheet (CIS)** detailing coverage, exclusions, claim procedures, and a 30-day free look period for policy review.



Claims Process: Claims for death (no investigation) must be **settled within 15 days**, with cashless health claims processed quickly to avoid hospital delays, ensuring timely support for policyholders.

SWIFT looking to integrate CBDCs and digital assets into global banking system



Digital Asset Integration: SWIFT plans to **add decentralized features**, enabling partner banks to manage various asset types, including fiat currencies, CBDCs, tokenized money, and stablecoins



Interoperability Testing: SWIFT has **successfully trialed the integration** of crypto tokens and CBDCs with its infrastructure, collaborating with banks in Europe, Asia, and North America.



Future Plans: SWIFT aims to facilitate multi-ledger transactions and develop technical standards for scalability, **bridging traditional finance with the crypto ecosystem**

Implications

Enhanced efficiency

SWIFT's multi-asset transactions and interoperability aim to **streamline cross-border payments**, reducing transaction times and costs

Risk mitigation

Access to regulated stablecoins and tokenized assets helps mitigate risks from volatile cryptocurrencies, **fostering a secure environment for broader adoption by traditional finance**

SEBI announces expansion to its sustainable finance framework



- SEBI has expanded its sustainable finance framework by introducing **social, sustainable, and sustainability-linked bonds**, alongside existing green debt securities
- This initiative aims to **address the funding gap** for Sustainable Development Goals (SDGs) and enhance flexibility for issuers to fund ESG-aligned projects
- The proposal also includes sustainable securitised debt instruments to **attract investments in sustainable finance**

SEBI revises registration and eligibility criteria for Foreign Venture Capital Investors (FVCI)



- SEBI has delegated the registration process for FVCIs to **designated depository participants (DDPs)**, similar to the framework for Foreign Portfolio Investors (FPIs)
- Resident Indians, NRIs, and overseas citizens of India **can now be constituents of FVCI applicants**, subject to limits on their contributions to the fund's corpus
- FVCIs **must hold investments in demat form**, and the updated rules will take effect from January 1, 2025, following amendments to the existing regulations

Market and Investment Updates

Sector-	Market Capitalization #	% Change*
Finance		
• Housing	340,807	30.2% [@]
• NBFC's	1,431,513	0.3%
• Lending [^]	415,217	0.1%
Agriculture	345,730	0.7%
Climate		
• Power	1,892,770	0.0%
• Oil and Gas	3,104,998	0.0%
• Plastics	228,472	0.3%

#Market capitalization based on top 5 companies listed in BSE within the sector

*% Change from 22/08/2024-23/09/2024

[^]Does not include private banks

[@]The massive increase in housing market cap is because of the listing gains seen in the Bajaj Housing IPO

Company	Funding raised/ Stage
DMI Finance	\$334.0 Mn: Series E
Physics Wallah	\$210.0 Mn: Series B
Redcliffe Labs	\$42.0 Mn: Series C
Flexiloans	\$34.5 Mn: Series C
AYE Finance	\$30.0 Mn: Series G
Everest Fleet	\$30.0 Mn: Series C
OnSurety	\$26.0 Mn: Series B
Centricity	\$20.0 Mn: Seed
axio	\$20.0 Mn: Series F

Select fundraises from Mid August 2024 to Mid September 2024

UC Deal Alert

Equity Deal Alert

Unitus Capital advises Flexiloans in its equity raise of INR 290 Cr from Accion, Nuveen, Fundamentum and existing investor MAJ Invest

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FJ FLEXILOANS

ACCION **nuveen**

FUNDAMENTUM

MAJ
INVEST

Debt Deal Alert

Unitus Capital advises Samunnati in its debt raise of INR 50 Cr from

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Samunnati[®]

 **JIRA AF**

Thank You
