

How **fin-tech** has revolutionised homebuying?

CHANGE Fin-tech is bringing greater efficiency to the financial services landscape

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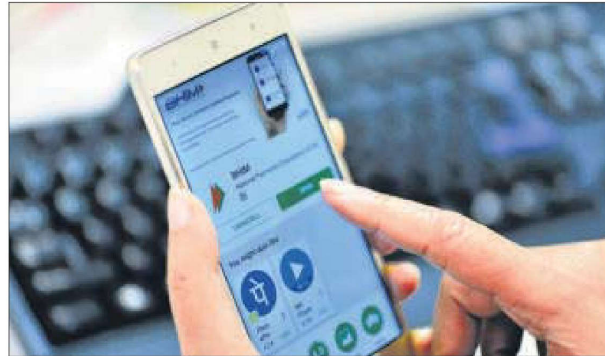
No longer a mere buzzword, fin-tech has changed the way banks and financial institutions operate today and one doesn't need to visit the bank in person except for rare cases. Time is not far away when home financing can be effected at the click of a mouse and buyers can buy a home online, end to end, just as apparel, gadget and gizmos.

For long, citizens relied upon traditional banking with in-person visit to the bank being quite the norm rather than the exception. Now that is history. Salary transfers, account updates, money transfer, cheque book request – everything is done online. One doesn't need to visit the bank except for operating a safe deposit vault. Almost every banking transaction from account opening, operation, credit, debit, payments, collections, loans, deposits, KYC (know your customer) etc, can now be done 100% online. As a matter of fact, banks are no longer focusing on expansion of branch network and there are some who are actually shrinking their high cost branch network. There are cases of new upcoming lenders with zero customer facing physical presence, who operate entirely on the web even as technology provides easier access and penetration.

All conventional jobs have

been automated, nearly eliminating the requirement for human beings. According to some reports, nearly a third of the jobs in the banking industry could be lost by 2025 due to automation of financial services. According to industry sources, 75% of the cheque book requests are today done by customers online and that does not require them to physically visit their bank branch.

Fintech is transforming the financial services landscape as we speak and it is challenging traditional business practices across sectors including real estate, says Ravindra Sudhalkar, CEO Reliance Home. "Applying for home loan through a brick and mortar branch is a tedious and time-consuming process. Sanctioning a home loan involves lot of paperwork. Fintech has made services related to home loans accessible and have made the processes more efficient, which has helped to reduce the cost of serving the customer." Human pace is no match to the meteoric speed offered by AI or artificial intelligence even as financial technology drives efficiency and helps cut costs. Plus, there is also the client experience part of the story—the more convenient you make it, the more clients you will acquire. With payments made via mobile and contactless systems as well as E-banking procedures, do you think a time will



• Effectively one can expect online home financing in the next five years.

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FINTECH HAS CHANGED THE LOAN DISBURSAL PROCESS WHICH INVOLVED EXTENSIVE PAPERWORK EARLIER FOR EVERYONE

come when no one will have to visit the bank? Banking insiders say that well, this time is almost here on us. But when can home financing be done online. According to Sanjay Chaturvedi CEO Shubham finance. "The day collateral can be digitized (if registry of land records is digitized) and blockchain gives you security, that is the time we can do an end-to-end transaction without having to go physically to the

bank." The thing is while applying for a home loan, there are three requirements – income details, KYC income documents as well as collateral. While some states have digitized land record, it will take another five to seven years for every record to be digitized. Effectively one can expect online home transactions and home financing by next 5 years at least for homes upto Rs 50 lakhs.

Many would say that November 8, 2016 was the watershed moment when demonetization came and helped India made the reluctant transition from cash driven to a cashless economy. Not without its fair share of pain and problems. But today a combination of factors such as switching over to e payments, high mobile connectivity, the

blossoming of fintech accessible through mobile apps, significant opportunities are reaching those unreached by conventional banking apparatus such as rural areas.

Fintech is already changing the home loan disbursal process for customer and the bank. Home loan disbursal is a tedious process involving loads of paperwork, but FinTech offers loans with significant reduction in time and enables quick review of one's eligibility for the loans. It also offers the services at lower cost to the client. Other than that, fintech has made the repayment process easier as the borrower's bank account details, cards etc. can be linked with the lender. It also offers transparency as is access loan details,

payment history, documentation is just a click away.

Real estate is now beginning to see the impact of fintechs with the advent of online and digitized home loans, says Gaurav Gupta, CEO, Myloan care. Home loans, as a product, has so far been less impacted by fintech due to need for physical verification of property, offline title document vetting and in-person registration of property transactions. However, Gupta feels that the process of customer acquisition, credit appraisal and even disbursement is now done digitally and banks are partnering with fintechs for many of these functions. E.g. lot of home loans are sourced through online aggregators, document collection and login is done over tabs and apps, customer credit is appraised over cloud based scorecards and customer onboarding is done electronically, all facilitated by fintechs and inhouse technology teams of banks. This is helping borrowers avail e-home loans on approved projects, helping the builders sell faster and with greater convenience for borrowers.

Fintech is disrupting conventional financial exchanges and enabling customers to save time and money as they benefit from new systems thereby enhancing customer experience. As India embraces the brave new world of fintech, both lending and borrowing are set to become faster and cheaper. On the flipside, data ownership and data security pose challenges that the industry must address progressively.