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Green NBFCs – The Tortoise on a Skateboard

They may have been slow due to their DNA, bigger purpose and ecosystem constraints. But – strapped with technology- Green NBFCs are ready to beat all the Hares in the digital race. **Shreevar Narayan**, CTO, Ecofy tells us why the complexity of APIs, scale-based RBI frameworks, NPA calculations, IoT-born telematics and the industry rush for NBFC licenses makes this space unique. And why all that – incidentally - makes more and more room for technology.

By Pratima H

Where and how much does technology help in your business - especially in areas like loan worthiness, underwriting, onboarding, delinquency management, and compliance areas?

For Ecofy, digital is in our DNA. We leverage technology across every aspect of our lending journey—from seamless onboarding and KYC checks to robust underwriting and disbursement processes. Our digital-first approach ensures efficient fraud detection, streamlined post-disbursement account management, and responsive customer servicing.

Technology plays a vital role in maintaining RBI compliance and managing collections, empowering us to make data-driven decisions swiftly and accurately. By integrating advanced analytics in assessing loan worthiness and underwriting, and utilizing automation for delinquency management, we create a lending experience that is efficient, secure, and customer-centric.

“PREVIOUSLY, LENGTHY PAPERWORK AND APPROVAL DELAYS WERE MAJOR HURDLES, OFTEN DISCOURAGING INDIVIDUALS AND BUSINESSES FROM ADOPTING GREEN INITIATIVES.



SHREEVAR NARAYAN
CTO, Ecofy

For a FinTech like Ecofy – does fast KYC and disbursal process help in accelerating the green ecosystem? Was it a gap before?

For an NBFC like Ecofy, a fast KYC and disbursal process significantly accelerates the green ecosystem.

“MANY GREEN ASSETS ARE IOT DEVICES, WHICH OPENS UP A VAST AREA OF ADVANCED ANALYTICS WHERE TELEMATICS DATA CAN BE UTILIZED FOR VARIOUS PURPOSES.

By streamlining these processes, we enable faster access to green loans, making it easier for customers to invest in sustainable solutions like electric vehicles and renewable energy.

Previously, lengthy paperwork and approval delays were major hurdles, often discouraging individuals and businesses from adopting green initiatives. With our efficient digital processes, we bridge this gap—helping to drive the adoption of eco-friendly technologies at a much faster pace, thereby contributing meaningfully to the growth of the green economy.

How do credit-checks happen here - what kind of scores or data do you use?

At Ecofy, we leverage a wide array of data sources to conduct thorough credit-checks. We utilise banking data to assess transaction patterns and financial stability, and bureau reports to review credit histories and repayment behaviors. Incorporating GST filings and Income Tax Returns (ITR) allows us to evaluate business performance and income reliability.

Additionally, we analyze detailed customer profile data. By integrating all these data points into our advanced analytics models, we have designed scorecards for credit underwriting. This approach enables us to accurately assess creditworthiness and make informed lending decisions, even for those with limited credit histories.

Should there be a different underwriting and NPA approach for green financing?

Green financing may warrant a different underwriting and NPA (Non-Performing Assets) approach due to the unique characteristics of green assets and projects. Traditional underwriting models may not fully capture the long-term value, environmental benefits, and specific risks associated with sustainable initiatives like renewable energy installations, electric vehicles, or energy-efficient technologies.

By adopting a specialized underwriting approach, we can more accurately assess the creditworthiness of borrowers and the viability of green projects. This includes evaluating factors such as the environmental

impact, potential cost savings over time, government incentives, and the technology's maturity.

Can technology jump in there?

Technology plays a crucial role in enhancing this underwriting process. Advanced analytics and machine learning models enable us to process extensive data sets, including IoT and telematics data, to gain deeper insights into performance and risk profiles.

When it comes to NPA management, technology again is a key enabler. Predictive analytics can identify early warning signs of potential defaults, allowing us to take proactive measures to mitigate risks. Automated monitoring systems track repayment behaviours and asset performance, facilitating timely interventions such as payment reminders or restructuring options.

Is it easy to handle APIs of different partners and players? How do you handle the ecosystem complexity from a tech angle?

Handling the APIs of different partners and players can indeed present significant complexity due to varying protocols, data formats, and security requirements. At Ecofy, we address this challenge by utilizing an API gateway to manage all our API interactions. The API gateway serves as a centralized platform that streamlines the integration process with various partners, regardless of their individual API specifications.

By employing an API gateway, we can efficiently manage authentication, authorization, rate limiting, and data transformation in a consistent manner across all our partner integrations. This not only simplifies the onboarding of new partners but also enhances the scalability and maintainability of our systems. The gateway handles the ecosystem's complexity from a technological point of view by abstracting the underlying differences between APIs, allowing our development teams to focus on delivering core functionalities and improving customer experience.

This strategic use of an API gateway ensures seamless communication and data exchange within

“ WE ARE AWARE OF THE GROWING TREND OF FINTECH FIRMS PURSUING NBFC LICENSES TO EXPAND THEIR PRODUCT OFFERINGS AND PROFITABILITY. WE ARE OPEN TO STRATEGIC TIE-UPS.

our growing network of partners, enabling us to rapidly expand our services while maintaining high standards of performance and security.

Most traditional as well as neo-banks are embracing AI, ML, NLP, CRM and digital-native technologies in a big way - where do green NBFCs stand?

Green NBFCs are not merely keeping pace with traditional and neo-banks in adopting advanced technologies—we're often leading the way. Our focus on sustainability drives us to innovate and implement tech solutions that specifically address the unique challenges and opportunities within the green finance sector.

Actively embracing advanced technologies such as AI, ML, and NLP is integral to our mission of accelerating the green ecosystem. Furthermore, many green assets are IoT devices, which opens up a vast area of advanced analytics where telematics data can be utilized for various purposes.

With different regulations for NBFCs (like scale-based RBI frameworks), do you use technology in making compliance easy and timely?

Navigating compliance with the diverse and evolving regulations for NBFCs, such as the scale-based RBI frameworks, is indeed complex and demanding. At Ecofy, we leverage technology to simplify and expedite these compliance processes.

Our technology platforms are designed to automatically generate the necessary reports and documentation required by regulators, significantly reducing the risk of human error. Additionally, we've integrated numerous regulatory guidelines related to digital lending directly into our customer journey to ensure compliance from day one.

Many fintech firms are leaning towards NBFC licenses for an expanded product and profitability opportunity. Do you envisage such tie-ups? Does technology-compatibility matter there?

At Ecofy, we are aware of the growing trend of fintech firms pursuing NBFC licenses to expand their product offerings and profitability. We are open

to strategic tie-ups that align with our mission to accelerate the green ecosystem. Collaborations with fintech companies can create synergistic opportunities, combining their innovative technological solutions with our expertise in green financing.

Technology compatibility is indeed a crucial factor in considering such partnerships. Seamless integration between systems ensures efficient operations, enhances customer experience, and maintains data security. Our technology infrastructure is designed with flexibility and scalability in mind, utilizing APIs and modular architecture to facilitate easy integration with potential partners.

What are you planning to do next and how exactly will technology help?

At Ecofy, our future plans revolve around expanding our range of green financial solutions and amplifying our impact on sustainable development. We aim to introduce innovative financing options and support projects that contribute significantly to environmental conservation. Technology will be a critical enabler in achieving these goals.

We plan to leverage advanced analytics and AI to gain deeper insights into market trends and customer needs, allowing us to personalize our offerings more effectively. Additionally, we're exploring the integration of IoT and telematics data from green assets, which will enable us to offer more customized financing options and real-time monitoring of asset performance.

By continuing to invest in digital platforms and automation, we aim to streamline our processes further, enhancing customer experience and operational efficiency. Technology will help us scale our operations sustainably, reach a broader audience, and ultimately accelerate the adoption of green initiatives. Our commitment to innovation ensures that we stay at the forefront of the green finance sector, making a meaningful contribution to the growth of the green ecosystem. 

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