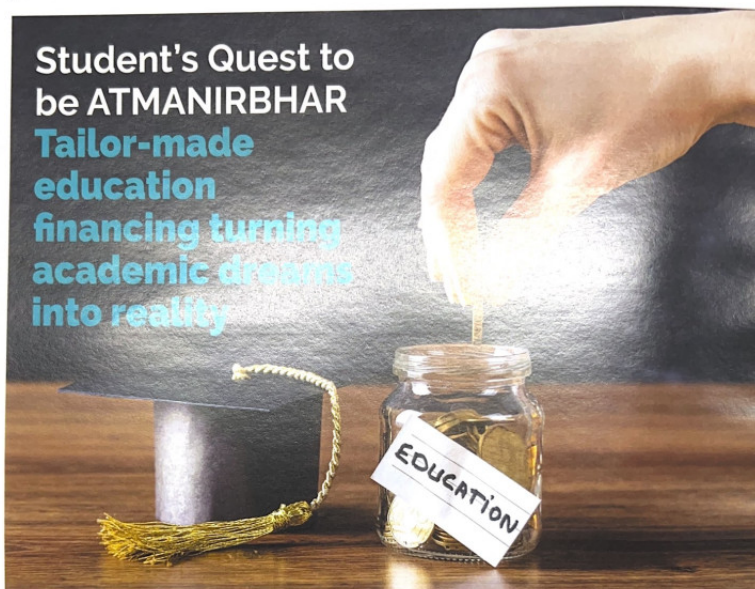


INDUSTRY PERSPECTIVE

Student's Quest to be ATMANIRBHAR Tailor-made education financing turning academic dreams into reality



RAJESH KACHAVE
Chief Business Officer – Student Lending and Insurance Business, Avanse Financial Services

*The financial industry has witnessed a significant transformation in business models due to digitalisation. This has made organisations focus on creating personalised financing solutions for their customers, shares **Rajesh Kachave**, Chief Business Officer – Student Lending and Insurance Business, Avanse Financial Services, in an exclusive interaction with **Srajan Agarwal** of **Elets News Network (ENN)**.*

Request you to share an overview of the student lending business and its significance in the current financial landscape.

India is a rapidly changing country in which

inclusive, high-quality education is of utmost importance for its future prosperity. Education has always been an important aspect of the Indian culture, which has made education financing a multi-decade secular growth story

in India. We have witnessed a massive increase in the study-abroad education loan demand over the years as more and more students desire to pursue their higher education aspirations independently.

Indian students going abroad for higher education recorded a six-year high in 2022 at ~7.50 lakhs, according to the education ministry data. Some of the reasons contributing to this growth are the presence of reputed colleges across the world, availability of course choices, aspiration to assess quality higher education & a better standard of living, enhanced career & higher income opportunities, and more. Over the years, the cost of education has also increased significantly. Factors such as year-on-year inflation, dollar appreciation and other macroeconomic aspects have contributed to this increase, which further resulted in the rise in demand for education financing.

Avanse Financial Services, a new-age, technologically advanced, education-focused Non-Banking Financial Company (NBFC), has been on a mission to provide seamless and affordable education financing for every deserving Indian student. We provide a wide range of education financing solutions, such as loans for higher education in India & abroad, short-term loans, skill enhancement loans, executive education loans, and more. We understand that each student's requirements are unique, and thus, we design hyper-personalised education financing solutions for them, which enables them to make their academic dreams a reality. During FY23, we witnessed a significant increase in the demand for education loans. The total AUM for Avanse Financial Services for education loans stands at ~INR 6,068 Cr., a ~2x growth over FY22. So far, we have fulfilled the academic aspirations of more than ~3.5 lakh students across 30,000+ courses and 3,000+ institutes in ~50+ countries.

What specific strategies have Avanse Financial Services implemented under your leadership to effectively cater to the unique needs and challenges faced by students seeking financial assistance?

At Avanse Financial Services, we prioritise students and firmly believe that every deserving student, regardless of their social background or the financial ability of their co-borrowers, should have the opportunity to access quality education without hindrance. Our dedicated teams are committed to guiding and supporting students and parents at every step of the process,

from the initial application to the disbursement of the education loan.

Avanse's leadership embraced digitalisation early on, effectively reducing precious resources such as time and increasing operational efficiency. We have identified that data is our gold mine, and hence, we gather data from various sources to draw meaningful inferences to make business decisions. To ensure the smooth adoption of new procedures and continuation of the existing processes, we arrange training programs so our employees possess the required expertise.

Furthermore, we have established successful partnerships that enable us to provide comprehensive assistance to students embarking on their study abroad journey. At Avanse, we actively participate in a consultative role, ensuring that students receive holistic support throughout their educational pursuits.

Please elaborate on the key factors differentiating Avanse Financial Services from other student lending providers regarding offerings, benefits, and customer experience.

Avanse Financial Services is determined to provide seamless and affordable education financing for every deserving Indian student. To support our mission, we provide numerous advantages to our student community. We offer 100% financing that covers the holistic cost of education, including tuition fees, accommodation costs, living expenses, travel expenses, library fees, study materials, the cost of learning devices, and other education-related costs. As an organisation that prioritises students, we assess their profiles based on various factors beyond just the credit history of their co-applicants. We consider their academic performance, the reputation of the university and course they are pursuing, entrance test results, educational continuity, and more. We consider the unique financial requirement of our student fraternity to offer hyper-personalised solutions. Furthermore, students can benefit from quick loan sanctions, flexible repayment options and door-step services.

In a rapidly evolving technological landscape, how has Avanse Financial Services leveraged digital innovation to streamline processes and enhance accessibility for students applying for loans for studying overseas?

The financial industry has witnessed a significant transformation in business

models due to digitalisation. This has made organisations focus on creating personalised financing solutions for their customers. We at Avanse Financial Services leverage AI and ML-based tools to provide tailor-made financing solutions in the digital era. The early adoption of technology has allowed us to move from human-intensive and time-consuming processes to automated services. Our omnichannel presence across the offline and online platforms helped us connect with primary, secondary, and tertiary audiences across the country. Unlike traditional approaches, we assess students' loan eligibility based on their academic performance, university ranking, and entrance test results to determine their employability potential. Furthermore, by analysing alternate data and social chatter, we are able to underwrite the right risk for the organisation.

Through a seamless e-KYC documentation process, applicants can get their loan approved within 72 hours, ensuring quick access to funds for their higher education. By embracing digital tools like Data Analytics, Data Mining, Robotic Process Automation (RPA), Virtual Assistants, and Natural Language Processing (NLP) we enhance the user experience and tailor our services from customer acquisition to collections. Our goal is to provide customised solutions that meet the specific needs of our customers in the ever-evolving financial landscape.

What measures does Avanse Financial Services employ to assess and mitigate potential risks associated with student lending?

Risk management is an integral part of Avanse's business strategy. Our Risk Management Committee (RMC) manages the risk framework. The team meets quarterly and completes a comprehensive risk review by comparing the defined risk parameters and appetite. The comprehensive Enterprise Risk Management (ERM) framework and policy govern the Risk Management process. It outlines guidelines for risk identification, assessment, and monitoring. It is an ongoing process supported by a robust risk-reporting framework. In line with our Governance, Risk, Compliance & Controllability (GRCC) framework, various policies are laid out that predefine different thresholds for all types of risks. There are Key Risk/Portfolio Indicators for each business and function unit. These are regularly assessed for any changes, and the thresholds are accordingly modified for any new process/policy changes. *