

How the doorstep gold loan market is upturning traditional financial products: Sumit Sharma, Founder-Radian Finserv talks about how digital technology is changing the gold loan industry.

India is unique in its affinity for gold. Gold has always been an integral part of the culture and tradition, and is often passed down across generations. It is also a popular investment option, with Indian households holding over 25,000 tonnes of gold, worth over \$1.5 trillion. In recent years, the gold loan market in India has witnessed significant growth, with doorstep gold loan offering emerging as a challenger in the industry.

Traditionally, gold loans are offered by banks and non-banking financial companies (NBFCs) through physical branches, requiring customers to visit a branch to avail the loan. This process is often time-consuming and cumbersome, requiring customers to carry their gold to the branch, complete the documentation process, and wait for the loan to be disbursed. Recent improvements in the process reduce the time taken for the loan process.

Doorstep gold loans are becoming increasingly popular, offering a hassle-free and convenient way to access credit. Such gold loans are essentially secured loans that are offered against the collateral of gold, but the process of availing the loan is digitized and more efficient. Some customers consider visiting branches for gold loans as embarrassing, and doorstep offering addresses this concern, apart from providing customers greater comfort with the process being carried at their homes.

Customers can apply for a gold loan online, using their mobile devices or desktop computers. The application process is straightforward and requires minimal documentation, with customers being required to upload a few documents, including identity proof, address proof, and gold valuation certificate. The platform then verifies the documents and gold valuation and approves the loan within minutes.

Doorstep gold loans offer several benefits over traditional gold loans, including quick disbursement, process completion in the comfort of customers' homes, and flexible repayment options. Customers can also track their loan status and make payments online, making it hassle-free and convenient.

Companies are leveraging digital technology to offer innovative financial products and services, including mobile apps, online loan calculators, and loan management tools. This significantly enhances the customer experience.

Digital gold loans are particularly popular among young, tech-savvy customers, who prefer to use digital channels to access financial products and services. The digital gold loan market is also helping to increase financial inclusion, with several underserved communities, including rural areas, gaining access to credit for varying needs.

Traditional financial products, such as personal loans and credit cards have often been the preferred choice for customers. These often come with high-interest rates and strict eligibility

criteria, making them impractical or unaffordable for many customers. Gold loans, on the other hand, offer lower interest rates, flexible repayment options, and require minimal documentation, making them an attractive option for customers in need of credit. Given the collateralized nature of the loan, customers' repayment patterns are significantly superior when compared to other products, and this also helps enhance customers' credit profile.

In conclusion, doorstep gold loans in particular, and digital loans in general, not only help refine the process and make it more efficient, but also enhance financial inclusion with the ability to serve a larger set of customers.