UNION BANK OF INDIA, PRESS RELEASE

MOU with Paisalo Digital Limited for Co-origination

RBI has issued guidelines on co-origination of loans by Banks and NBFCs for lending to priority sector. In pursuance to that Union Bank of India has immense pleasure in partnering with M/s Paisalo Digital Limited (an NBFC) under Co-origination Model for Lending to Priority Sector as per RBI defined model.

The Co-Origination model unlocks the huge untapped potential in the informal MSME and Agriculture segment. This arrangement should entail joint contribution of credit at the facility level, by both lenders partners i.e., Bank and NBFC. It is envisaged that the benefit of low cost funds from Banks and lower cost of operations of NBFC would be passed on to the borrower through adoption of the blended products to suit the borrowers. The model envisages sharing of risks and rewards between the Bank and the NBFC by ensuring appropriate alignment of respective business objectives. This arrangement will entail increase in the credit off-take in respective markets and offer timely delivery of the credit at significantly lower costs.

Co-Origination is an innovative area in the priority sector financing and due thrust is being given by the Government of India to help MSMEs and other small borrowers, who are the back bone of Indian Economy. Co-origination Model would be a great enabler for priority sector finance as it incentivizes the Banks and NBFC to join hands for lending through this method.
Speaking on the occasion Rajkiran Rai G MD&CEO of Union Bank of India said that Co-Origination model is one of the innovative avenues of lending to the Priority sector. The tie-up shall create dynamic synergy between the two sets of lenders, Paisalo Digital Limited (NBFC) & Union Bank of India. The Partnership shall render much cheaper loans to the end borrower as compared to standalone loan given by an NBFC.

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