

Unity Small Finance Bank doubles SCF book with revamped volume strategy, delivered on UnciaChain

Unity Small Finance Bank is promoted by Centrum Financial Services, part of the diversified Centrum Group. Resilient Innovations Pvt. Ltd (BharatPe) is an investor in the Bank. The Supply Chain Finance (SCF) business was started before the formation of Unity Bank by Centrum Financial Services in 2017. They were among the pioneers entering India's SCF sector. When they launched their SCF business, they strategically targeted large corporations to expand their operations.

In line with their strategy, they acquired the entire L&T Finance's SCF portfolio, which majorly involved L&T as an anchor and all their suppliers/vendors as counterparties. However, India's SCF market became intensely competitive due to small profit margins and bank's high cost of funds. Consequently, there came a point when they began reducing their portfolio.

Amidst these changes, Centrum Financial Services along with BharatPe formed Unity Bank. They rethought their strategy, focusing on mid-market anchors while expanding into both the Vendor and Dealer Finance segments. This shift required Unity Bank to onboard a larger number of anchors as compared to targeting large corporations.

To implement this new approach, Unity needed an efficient digital SCF back-office system combined with a robust Loan Origination Platform (LOS). They aimed for a complete digital transformation, creating an end-to-end digital ecosystem for SCF. This transformation would enable them automate onboarding and underwriting of anchors and counterparties along with digital servicing during discounting process, providing a competitive edge in the market.

After an extensive evaluation of products available in the market, Unity chose UnciaChain as their platform of choice. Uncia's in-depth understanding of Unity Bank's business needs reflected in the bank specific solution walkthrough, backed by strong references from exiting UnciaChain users tilted the scale in Uncia's favor.

UnciaChain designed as a cloud native, multi-tenanted SaaS-based solution, is built on cutting-edge microservices architecture. Functioning as a tri-party system, it enables Financial Institutes (FIs) to digitally onboard their anchors and counterparties, granting them platform access via portals for seamless digital transactions. The platform is API-driven and boasts high automation levels, effectively eliminating the need for manual intervention through Straight Through Processing (STP).

With comprehensive functional coverage, the platform comes pre-mapped with fifty-one predefined SCF product variations covering practically every SCF related business scenarios within the Indian market, catering to both the Dealer and Vendor sides. It features a standalone limit management system, a Business Rule Engine, and UnciaStudio. UnciaStudio empowers users to reduce dependency on external support by enabling them to launch new products, configure rates and charges, manage user access restrictions, and more, independently. Designed for a seamless user experience, the platform automates the entire SCF business ecosystem, offering efficiency and ease of operation. Designed for a 30-60 day Go-Live, out of the box, the UnciaChain design dramatically reduces both the need to write custom code to meet a nuance, as well as the lead time for custom development, where it is unavoidable.

Uncia proposed the implementation in two phases. The first phase involved implementing the entire back office, allowing Unity Bank to transition into the new business ecosystem swiftly and immediately

reap its benefits. In the second phase, Uncia worked closely with Unity to cater specifically to their requirements, providing them with a substantial competitive edge.

As part of the project, Uncia facilitated integrations with Perfios, CIBIL, AML, and Posidex, enhancing Unity's operational capabilities and competitiveness. These integrations collectively empower Unity with a holistic view of their customers, streamlined operations, improved risk assessment capabilities, and enhanced data accuracy. This suite of integrations ensures that Unity Bank can make informed decisions swiftly, maintain regulatory compliance, and deliver an elevated level of service to its clients.

The implementation of the SCF platform was accomplished within 3 calendar months, while the LOS was completed within 6 calendar months. In parallel, a complete data migration of 20,000 loan accounts was achieved within a three-month timeframe.

Unity Bank gained a significant competitive advantage through the implementation of the customized LOS. This system empowered them to digitally onboard and underwrite their anchors, and bring their complete ecosystem along with the counterparties in a complete digital mode to the platform. A comprehensive rollout of the integrated platform was executed across all branches and with partner institutions.

Before the platform implementation, Unity Bank operated with a book size of INR 400 Crores. Since the implementation, the bank has scaled its operations significantly to a book size of more than INR 1000 Crores within 6 months. This impressive business growth can be attributed to the establishment of a comprehensive digital ecosystem, reduced manual dependencies, and the implementation of robust compliance reporting mechanisms. By leveraging cutting-edge technology and strategic partnerships, Unity Bank is well-positioned to continue its trajectory of success in the dynamic landscape of the financial industry.