

Groups get discounts that individuals may not manage

Group buying means using the power of collective buying to get products and services at significant discounts. A large number of group buying sites have come up in India in the last few years. While most are for buying retail items such as mobile phones and TV sets, Gnbindia.com is the only group buying website that offers financial products such as loans. Mint spoke to Siddharth Gupta, co-founder, Gnbindia.com, to know how group buying works for the borrower and if it's any different from the already existing loan portals.



What is Group N Buy (GNB)?

We group people, which increases the purchasing power of every individual by negotiating with the lender. Currently, at *Gnbindia.com*, we are grouping people looking for home loans, loan against property or personal loans and negotiating with banks to get good rates.

How does it work with you?

We have certain sections on the website, where we have categorized groups. For instance, there is a group for home loans for sala-

ried individuals and home loans for self-employed individuals. Once the person has signed up with a group, he will get a call from our representative, who will take down all the details in terms of loan requirement, property details, financial details and the like. Based on the information, we do a preliminary filtering and an eligibility check. Once this is done, we negotiate with banks and inform the clients about the best deal available. The processing of documents follows. We basically offer an end-to-end service.

Typically, it takes two-three weeks to form a group. Once the group is formed, it takes us 10-15 days to close out the deal, assuming that the client does not delay on the paperwork.

In the same group, do different borrowers get different terms?

Every person in the group will get the same terms since that is the basic premise. So, all persons in the group will get the same deal; some deals offer a discount on rates and some on fees.

Normally, we associate group buying with retail items. How do you manage discounts on loans?

When you go to a retailer, it's up to you to negotiate. For loans, even individuals can negotiate, but the fact is that we deal with these banks closely. It's our daily

job, so we understand the level up to which we can stretch the bank (for lower rates) depending upon the quantum of loan. Through us banks give discounts of up to 50 basis points, which is difficult for an individual to obtain.

What happens if the minimum number of buyers is not reached for a deal?

The minimum number that we seek in any group is four to six. Even when the number is not reached, we try and bargain with the bank. The borrower can rest assured that the deal he gets will be better than what he would get individually (in a larger group, the deal gets better).

At the start of every deal period, which is about a month, we get in touch with the bank, we take an indicative range of the rates. It's like a pre-negotiated deal. We update the website accordingly.

If you look at the website, it will not look that dynamic a process, but loan rates do not change daily. But at the end of the deal period, we go back and renegotiate the deal and update our website.

As opposed to loan portals, your site doesn't allow borrowers to compare rates among lenders.

Before a borrower executes the loan transaction, he is made aware of the bank with which we have negotiated the deal, but not

at the pre-negotiation stage. We cannot disclose the bank offering the best deal upfront since that is supposed to be confidential.

There are portals that give an immediate approval or rejection based on eligibility criteria. Why should someone come to GNB?

There are a number of parameters for loan approval. For example, for a salaried individual, there are three to four parameters, including the organization he works for, the loan amount and the existing equated monthly instalments. What probably these website can tell you is based on the financial eligibility. But there is a possibility that a particular property is not being approved by a particular bank, now how would this get captured? It doesn't. There are certain areas where the bank does not lend, how do you get to know that? You cannot. In the case of a self-employed person, there are many things a bank looks into that the loan portal or the eligibility calculator may not be able to tell. These websites may say that the loan is not possible, but the loan may still be doable. On the other hand, the website may say it's approved but it can still get rejected later. Those are the things that one can get only out of experience. This is where our representatives will come in handy.

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