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# India Retail Banking Market Assessment, By Service [Saving Account, Current Account, Debit Card, Credit Card, Loan, Others], By Type [Public Sector Banks, Private Sector Banks, Foreign Banks, Community Development Banks, Non-banking Financial Companies], By End-user [Individuals, Corporate], By Region, Opportunities and Forecast, FY2018-FY2032F

Market Report | 2024-07-31 | 132 pages | Market Xcel - Markets and Data

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**Report description:**

Indian retail banking market is projected to witness a CAGR of 158.99% during the forecast period FY2024-FY2032, growing from USD  billion in FY2025 to USD 273.38 billion in FY2032. Key drivers for the market include urbanization, rising disposable incomes, advances in technology, and government initiatives toward improvement in access to and inclusion of financial services. It is due to the evolving consumer preference, economic trends, and regulatory development that the growth of India retail banking market is inclined to take shape.
The India retail banking market refers to the sector within the Indian financial industry that renders many diverse banking services directly to individual consumers and small businesses. It provides different financial products and services that may be made according to the personal and business banking needs of customers. These services include the provision of savings accounts, checking accounts, loans, mortgages, credit cards, debit cards, personal financial management, and e-banking options such as online banking and mobile banking applications.
In May 2024, HDFC Bank, the country's leading private sector bank, announced the launch of PIXEL. It is formulated for a generation characterized by digital fluency, unique preferences, and distinct financial behaviors. HDFC's first end-to-end mobile app-based, customizable, DIY digital card range is exclusively available for digital natives.
Widespread Use of Smartphones to Drive Market Growth
The country's retail banking market is recording exponential growth, driven by the deepening penetration of smartphones and mobile internet in India. Most consumers, especially millennials and Gen Z, are looking for frictionless and digital-first experiences

in banking that bring convenience to their fingertips through their smartphones. Banks have turned to innovative digital technologies and banking-as-a-service models that offer a wide array of retail banking with products and services fully digitized. The growth of digital-only neobanks has further accelerated the shift into mobile and online banking. Technologies such as biometrics and blockchain further provide enhanced data security. The future of the India retail banking market is poised to be digital-centric.

In March 2023, Airtel collaborated with India Post Payments Bank to announce the launch of WhatsApp Banking Services for IPPB customers in Delhi.

Growing Middle Class to Drive Market Expansion

The growth of the middle class, coupled with their rising disposable incomes, is one of the biggest drivers of growth for the retail banking market in India. The emerging middle class is generating demand for traditional banking products, such as savings accounts, loans, and credit cards, along with increasingly sophisticated financial services, such as digital banking and wealth management. Banks are further innovating their products and delivery channels to suit the requirements of the middle class, which has discretionary spending. The exponential growth of the middle class has now made the Indian retail banking market attractive and an important strategic priority for both domestic and global financial institutions.

In July 2024, SBI rolled out the Amrit Vrishti scheme, which renders a competitive interest rate of 7.25 percent on 444-day deposits with an additional 0.50 percent for senior citizens. The scheme will open from July 15, 2024, to March 31, 2025.

Private Sector Banks to Dominate the Retail Banking Market

Private sector banks hold the largest share in the India retail banking market. It can be attributed to its adeptness in adopting the changing dynamics and responsiveness of market conditions. The private sector encompasses a diverse range of banks and financial institutions that compete against each other to build a strong presence in the market. The ability to invest in infrastructure, technology, and promotional activities is usually higher in private banks, leading to the development of various innovative products and services that help attract customers. Fierce competition among private banks compels them to regularly improve the product basket, provide better customer experience, and strengthen the overall value proposition, thus underpinning a dominant position and superiority in the market.

In November 2023, HDFC Bank rolled out a digital platform called XpressWay, comprising more than 30 banking products and 14 services, purposed to deliver a fast, seamless, paperless, and DIY customer experience. It facilitates instant access to pre-approved offers, smooth account opening, enhanced security, and personalized assistance for existing and new customers.

Future Market Scenario (FY2025 - FY2032F)

- In recent years, the banking sector has undergone many changes due to the emergence of FinTech, changing customer expectations, fierce competition, and the IT revolution. It had led to the adoption of various innovative products by the banks.
- Banks are moving onto the path of digital transformation to ensure better customer experience, reduced operating costs, and lower banking transaction costs. On the contrary, internet banking and mobile banking are rapidly growing sectors.
- Harnessing AI and voice assistants for personalized and contextualized services is expected to modify the face of the banking system. Biometric technology, together with KYC, will make it more secure.

Key Players Landscape and Outlook

The key player landscape of the retail banking market is a mix of traditional banks and new fintech players. The leading nationalized banks have an edge with their extensive branch networks, closer customer relationships, and overall solid digital capability. They are at the forefront of innovation, developing products such as UPI-ATM service or digitizing agricultural lending. Along with the traditional banks, the Indian fintech space has seen fast growth, wherein players such as Paytm, PhonePe, and Google Pay are gaining significant traction in the digital payments and lending space.

In February 2024, IREDA and Punjab National Bank signed a Memorandum of Understanding (MoU) to jointly finance renewable energy projects all over India. It would primarily allow joint lending and loan syndication for any project linked to renewable energy and provide robust financial support.

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