

India Buy Now Pay Later Market Assessment, By Channel [Online, POS], By Enterprise [Large Enterprises, Small and Medium Enterprises], By Demographic [Generation X, Generation Z, Baby Boomers], By End-use [BFSI, Retail, Healthcare, Leisure and Entertainment, Travel and Tourism, Others], By Region, Opportunities and Forecast, FY2018-FY2032F

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Report description:

India buy now pay later market is projected to witness a CAGR of 19.76% during the forecast period FY2025-FY2032, growing from USD 22.75 billion in FY2024 to USD 96.27 billion in FY2032. The consumer base has grown much with the advent of e-commerce. As online shopping is becoming pervasive, most consumers are looking for flexible payment arrangements, and BNPL makes them optimistic. This trend is strong amongst millennials and Gen-Z, who care about seamless and on-demand experiences. BNPL market growth is accelerated by the surge of digital wallets and mobile payments, whose integration will allow for better user experience and increased adoption, appealing to today's consumer tech-savviness. Online shopping became a trend, with BNPL solutions in high demand to inject flexibility during tough financial times. Strategic partnerships between BNPL providers and significant retailers further boost market growth, increasing access to services and mutual benefits.

BNPL is a financing option allowing purchasers to buy items and pay for them later, mostly in installments, often interest-free. Available at online and in-store checkouts, the BNPL service offers payment flexibility, attracting many buyers. The mode of BNPL resonates with the consumers' preference for convenience and flexibility in their finances, giving them instant access to products with deferred payments. In 2024, LazyPay partnered with Blinkit to enable smooth checkout and diversify its portfolio. Under this partnership, Zomato-backed Blinkit's users would be able to receive a credit line at no extra cost to the merchant.

Surge in E-commerce and Digital Payments Drives the Market Growth

Digitization of the economy and making the internet cheaper for people are some of the reasons driving the growth of digital sales in India. Buy Now Pay Later is becoming one of the most favored modes of payment while shopping on an e-commerce platform.

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E-commerce growth opened the doors to new customers for BNPL services. Online shoppers are using BNPL options during checkout as they invoke convenience and flexibility in the way they pay for their purchases. According to TRAI, Internet subscribers reached 96.16 million at the end of December 2023, against 918.19 million at the end of September. India registered a quarterly growth rate of 1.96% during the last three months of 2023. Integrating such online platforms with BNPL services has become more manageable, due to which the accessibility benefit has been passed on to huge consumer segments. BNPL services add up to the increase in the average value of a purchase in e-commerce transactions. BNPL services have empowered its consumers as expensive products become a part of their shopping basket in e-commerce, where they probably could afford to pay the full payment altogether. This further leads to higher sales volume and revenues.

Rising Consumer Spending to Fuel Market Expansion

Consumer spending is on an upward trajectory, and BNPL providers can gain growth opportunities. According to the Bureau of Economic Analysis, consumer spending increased to USD 133.9 billion in December 2023. Higher levels of spending would mean that changes in consumer behaviors set the market moving upwards. BNPL companies have to enhance their offerings by improving customer terms and user experiences if the objective is to foster innovation and draw new users. This has not gone unnoticed by financial institutions, retailers, and e-commerce platforms, which have opened valuable partnership opportunities for BNPL providers. Financial institutions could partner with BNPL companies to extend further flexibility in payment to their clients, while retailers and e-commerce platforms can add BNPL choices at checkout.

Online Segment to Dominate Market Share

The online segment has dominated the market share during the forecast period. A slate of organizations has entered the Buy Now Pay Later market to support the growth aspirations of SMEs in India, from business-to-business e-commerce sites. BNPL itself is an emerging market category for consumers and business leaders alike. Hence, these organizations are avidly pursuing investment rounds to grow their B2B BNPL offerings to a broader range of Indian businesses. In April 2024, BNPL mobile-first platform Simpl announced that it had extended its one-tap checkout convenience on quick commerce startup Zepto to the latter's membership program Zepto Pass. With this, it aims to increase its checkouts on Zepto to 100 million by 2026. This move is aimed at offering fast deliveries along with the convenience of instant checkout and rewards for customers.

North Dominates the Market Share

BNPL has gained popularity in the northern region, especially in the Delhi-NCR, driven by its high population density, robust economic activity, and strong inclination toward digital forms of payment. With a very high affluence level in the region, besides the high rate of technological adoption and consumer preference, it is like a prime market for BNPL services that have witnessed immense leverage and are expected to keep growing.

South is emerging as the fastest region, driven by its vivid start-up ecosystem and increasing e-commerce activity. In 2023, ZestMoney is eyeing profits within six months. The fintech firm is reportedly closing an additional round of funding from existing investors that include Scarlet Digital, Quona Capital, Zip, Omidyar Network India, and Flourish VC. But to drive business continuity, ZestMoney seeks to be a lending service provider (LSP), originating loans in conjunction with banks and NBFCs rather than lending directly from its balance sheet.

Future Market Scenario (FY2025 - FY2032F)

-□ An increasing trend for paying later will bring a positive outlook in the market, especially with an accelerated push into online sales, thereby increasing the share of these solutions from BNPL as consumers seek increased credit for financial flexibility in such uncertain times.

-□ Leveraging AI and machine learning will help to expand India's BNPL market to new heights.

-□ BNPL has been a solid testament to the adaptability of the consumer market, offering a modern solution that matches the preferences and lifestyles of modern shoppers.

Key Players Landscape and Outlook

The leading market players are investing a significant amount in research and development, which includes expanding product lines and thereby growing the buy now pay later services market. These market participants are involved in various strategic activities to increase their footprint, wherein major developments of the market players include new product launches, contractual agreements, mergers and acquisitions, increased investments, and collaboration with other organizations. For thriving and growing in an increasingly competitive and emerging market environment, buy now pay later services must provide cost-effective

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products.

Recently in 2024, The National Company Law Tribunal (NCLT) has gone ahead and approved a merger in which Bengaluru-based Slice will amalgamate with Guwahati-headquartered North East Small Finance Bank. After this amalgamation, Slice, with its suite of offerings in prepaid wallets and UPI-based products, would now reach out to offer technology-enabled financial services to the last mile of North East Small Finance Bank's consumers.

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