

**India Buy Now Pay Later Business and Investment Opportunities - 75+ KPIs on BNPL  
Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model,  
Demographics - Q1 2025 Update**

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**Report description:**

According to PayNXT360, BNPL payment market in India is expected to grow by 13.4% on annual basis to reach US\$21,956.9 million in 2025.

The BNPL market in the country experienced robust growth during 2021-2024, achieving a CAGR of 22.3%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 9.8% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 19,362.8 million to approximately USD 35,072.8 million.

This report provides a detailed data-centric analysis of the Buy Now Pay Later (BNPL) industry in India, covering market opportunities and risks across a range of retail categories. With over 75 KPIs at the country level, this report provides a comprehensive understanding of BNPL market dynamics, market size and forecast, and market share statistics.

It breaks down market opportunities by type of business model, sales channels (offline and online), and distribution models. In addition, it provides a snapshot of consumer behaviour and retail spending dynamics. KPIs in both value and volume terms help in getting an in-depth understanding of end market dynamics.

PayNXT360's research methodology is based on industry best practices. Its unbiased analysis leverages a proprietary analytics platform to offer a detailed view of emerging business and investment market opportunities.

Key Insights

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India's BNPL market is evolving rapidly, driven by the growth of e-commerce, the entry of diverse providers, and increasing consumer demand for flexible payment options. Players such as LazyPay, Amazon Pay Later, and ZestMoney are shaping the landscape with innovative solutions tailored to Indian consumers.

Over the next 2-4 years, the sector is expected to see significant growth and diversification, with BNPL becoming a staple payment method in both traditional and non-traditional sectors. Regulatory developments will play a key role in ensuring the market's sustainability and balancing innovation with consumer protection to create a robust and transparent BNPL ecosystem in India.

#### Rapid Adoption of BNPL Services Across Demographics

- India has witnessed a rapid increase in BNPL adoption, particularly among Millennials and Gen Z, driven by platforms such as LazyPay, Simpl, and ZestMoney. These services have gained traction for small-ticket purchases such as food delivery, transportation, and online shopping, offering flexibility and ease of use. This trend highlights the shift in consumer behavior toward alternative payment solutions that align with the digital lifestyles of younger generations.
- India's e-commerce market grew by 27% in 2023 and has been a major catalyst for BNPL adoption. The increasing availability of the Internet and smartphones has created a robust digital ecosystem, allowing BNPL providers to reach a wider audience. Additionally, the limited penetration of credit cards-accessible to only about 5% of the population-has made BNPL an appealing alternative for consumers seeking convenient and accessible financing options.
- Over the next 2-4 years, BNPL adoption is expected to expand, transitioning from an emerging trend to a mainstream payment method across retail categories. Providers are likely to focus on penetrating tier-2 and tier-3 cities, tailoring offerings to meet the specific needs of these regions. This growth trajectory will drive innovation in repayment structures and credit solutions, solidifying BNPL's role as a critical component of India's payment ecosystem.

#### Entry of Diverse BNPL Providers

- India's BNPL market is witnessing heightened competition, with domestic startups and global players such as Amazon Pay Later entering the space. Amazon Pay Later, for instance, allows customers to defer payments for purchases on its platform, significantly boosting BNPL visibility among Indian consumers. This influx of players highlights the growing appeal of BNPL as a flexible payment solution in the rapidly evolving digital economy.
- The untapped potential of India's growing digital economy is a key driver in attracting new BNPL providers. Additionally, strategic partnerships between BNPL companies and e-commerce platforms have facilitated seamless integration of these payment solutions, enhancing accessibility and consumer adoption. These collaborations reshape the competitive landscape, enabling providers to scale rapidly while offering tailored solutions to meet diverse consumer needs.
- Over the next 2-4 years, the entry of new players is expected to intensify competition, prompting providers to differentiate through personalized solutions, loyalty programs, and enhanced user experiences. This competition will also drive diversification into non-traditional sectors such as healthcare, education, and travel, broadening the reach of BNPL services. As providers innovate to capture market share, the landscape is set to become increasingly dynamic and consumer-focused.

#### Regulatory Oversight and Focus on Consumer Protection

- India's BNPL market is experiencing growing regulatory scrutiny as the Reserve Bank of India (RBI) implements stricter guidelines for fintech companies. A key instance is the RBI's mandate prohibiting non-banking BNPL providers from loading credit lines onto prepaid payment instruments, forcing many providers to rethink their business models. These regulatory developments highlight the government's focus on ensuring stability and fairness within the rapidly expanding BNPL sector.
- Concerns about consumer over-indebtedness and financial literacy have been significant drivers of regulatory interest in the BNPL market. The ease of access to BNPL services has raised the risk of financial strain among consumers, prompting the need for

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protective measures. Additionally, Indian regulators are observing global trends and frameworks to align domestic practices with international standards for responsible lending and transparency in fintech.

- Over the next 2-4 years, regulatory measures are expected to foster greater transparency and trust in BNPL services, enhancing consumer confidence. However, these changes may create challenges for smaller providers, who struggle to comply with stricter requirements, potentially leading to market consolidation. Established players with robust compliance mechanisms will likely benefit, positioning themselves as trusted providers in a more regulated and secure BNPL ecosystem.

#### Expansion into Non-Traditional Sectors

- BNPL services in India extend beyond retail into healthcare, education, and travel sectors, addressing high upfront costs that often deter consumers. Providers such as ZestMoney offer installment options for tuition fees, enabling students and families to manage education expenses more effectively. Similarly, Bajaj Finserv has introduced solutions targeting medical expenses, making healthcare services more affordable and accessible to a broader audience.

- The rising cost of living and growing consumer aspirations have driven demand for flexible payment solutions in high-value sectors. BNPL services meet this demand by breaking down large expenses into manageable payments. Additionally, businesses in these sectors view BNPL as an opportunity to attract more customers by reducing financial barriers, expanding their market reach and boosting sales.

- Over the next 2-4 years, BNPL adoption in non-traditional sectors is expected to grow as providers forge partnerships with educational institutions, healthcare facilities, and travel companies. However, this expansion may attract increased regulatory scrutiny, with authorities focusing on consumer protection and credit risk management. Providers that navigate these challenges effectively could gain a competitive edge, establishing themselves as trusted players in these high-cost segments.

#### Competitive Landscape and Regulatory Developments in India's Buy Now, Pay Later (BNPL) Market

Established players such as ZestMoney, LazyPay, Simpl, and Amazon Pay Later are intensifying competition by leveraging strategic partnerships and offering tailored solutions to meet diverse consumer needs. These developments underscore the sector's transformation into a key component of India's digital economy.

Looking ahead, the competitive dynamics in the BNPL market are expected to intensify further, with new entrants and ongoing consolidation shaping the landscape. Regulatory measures such as the CFPB's interpretive rule will ensure consumer protection and responsible lending practices. Providers must focus on innovation, diversification, and compliance to sustain growth and remain competitive in an evolving market that continues attracting domestic and international attention.

#### Current State of the BNPL Market

- The surge in consumer demand for flexible payment options has been a pivotal factor driving BNPL adoption. Additionally, the rapid growth of digital commerce in India has created an ecosystem conducive to BNPL services. E-commerce platforms and increasing smartphone penetration have enabled BNPL providers to reach a broader audience, particularly among younger consumers.

- India's BNPL market is set to grow further as digital commerce and consumer awareness expand. With providers innovating and tailoring their offerings to meet diverse needs, BNPL will likely become a mainstream payment method across urban and rural areas. This evolution will position BNPL as a critical enabler in India's digital payment landscape over the coming decade.

#### Key Players and New Entrants

- ZestMoney: A prominent BNPL provider in India, ZestMoney has partnered with various merchants to offer installment payment solutions.

- LazyPay: Operated by PayU, LazyPay provides BNPL services across multiple platforms, enhancing consumer purchasing power.

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- Simple: Simpl offers a BNPL platform that allows consumers to make purchases and settle payments later, aiming to simplify the checkout experience.
- Amazon Pay Later: Leveraging its extensive user base, Amazon has introduced BNPL services in India, allowing consumers to pay in installments for purchases made on its platform.

#### Anticipated Competitive Dynamics

- The Indian BNPL market is expected to grow as established players seek to strengthen their positions through mergers and acquisitions. New entrants, both domestic and international, are likely to enter the market, intensifying competition. Providers may focus on diversifying their services and forming strategic partnerships to differentiate themselves in a crowded market.

#### Regulatory Changes

- In May 2024, the Consumer Financial Protection Bureau (CFPB) issued an interpretive rule imposing certain regulations on BNPL providers, aligning them with traditional credit card providers. This rule mandates that BNPL services adhere to consumer protection laws related to billing disputes, refunds, and disclosure requirements.

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