

**India Personal Loan Market Assessment, By Type [Secured Loans, Unsecured Loans],  
By Loan Tenure [Short Term, Medium Term, Long Term], By Age [Less than 30, 30 to  
50, More than 50], By Employment Type [Business, Salaried, Others], By Region,  
Opportunities and Forecast, FY2018-FY2032F**

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**Report description:**

India personal loan market is projected to witness a CAGR of 15.83% during the forecast period FY2025-FY2032, growing from USD 29.29 billion in FY2024 to USD 77.72 billion in FY2032. The personal loan market in India has always been strong and has expanded significantly over the years, owing to numerous factors, and being a middle-income economy. India personal loan market is a very dynamic and competitive market filled with numerous players from banks to NBFCs (Non-banking financial companies) being the primary players in the market, bringing new concepts of peer-to-peer lending are through internet penetration and increasing financial education. These institutions provide personal loans to various consumers at competitive yet flexible tenure and interest rates, which adds to the competitive landscape.

India personal loan market is growing due to various factors such as urbanization, digitalization, changing lifestyles and a rise in consumer spending. In the current scenario with the age of digitalization, consumers have started to spend more on lifestyles, for instance, buying expensive smartphones and watches, increasing spending on travel and weddings, etc.

India personal loan market has witnessed many changes over the span of years, from filling out papers, forms, and applications and waiting for days for loan approval to now getting instant approvals with just a few clicks on the smartphone and the loan amount being credited to the bank account within days. India with a population of over 1.4 billion people holds a large customer base in the realm of consumer personal loans and advances which is a boon for the key market players at every level and their geographical presence.

According to a report by rating agency CRIF High Mark Credit Information Services, personal loan outstanding Y-O-Y growth is 25.6%, and active loan Y-O-Y growth is 34.3% from FY2023 to FY2024.

Booming Personal Loans Distribution

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India personal loans have been on an upward trend over the years due to the growing needs and requirements of Indian consumers for various purposes such as traveling, buying luxury goods, or be it in the form of advances for marriages. Financial institutions, such as banks and NBFCs, have started offering personalized loan products to customers tailored to specific customer segments and purposes. For instance, specialized personal loans for weddings, travel, education, or medical expenses with customized features and repayment terms are gaining popularity. The personal loan market in India has become highly competitive, with traditional banks, NBFCs, and fintech companies vying for market share. This competition has led to innovations in product offerings, interest rates, and customer service to attract borrowers.

PNB has launched the innovative products of the Pre-Approved Personal Loan, enabling existing customers to take loans of up to USD 24,000 through a fully digital and paperless process, without the need to visit a branch. The PNB Swaagat scheme is also for new-to-bank customers with loans of up to USD 12,000, with minimal inconvenience, through a straightforward OTP-based application process. With interest rates as low as 11.25%, repayment tenures as flexible as 72 months, and without the need for collateral or personal guarantees, PNB is offering personal credit that is more accessible and convenient.

According to a report by rating agency CRIF High Mark Credit Information Services, active personal loans grew from 95.18 million to 127.78 million from FY2023 to FY2024.

#### Digital Transformation in Banking and Personal Finances

Over the years, the Indian economy has been heading towards digitalization and financial institutions have been at the forefront of the digital transformation of their products and services. The rise of digital lending platforms has transformed the personal loan landscape, making it easier and more convenient for individuals to access funds. Funds are applied, verified, and sanctioned digitally within a limited time frame and the digital lenders leverage technology to streamline the application process, reduce paperwork, and offer quick approval and disbursement of loans, thus, making the whole process seamless and much faster.

Technological innovation is playing a critical role as banks use innovations to speed lending operations, improve risk assessment, and reach previously unbanked and remote communities. This contributes greatly to the growth of credit operations. In the fourth quarter of India during FY2023-FY24, personal loan advances amounting to USD 7.59 billion were disbursed among various types of consumers, outshining other loan categories such as education loans, auto loans, healthcare financing, and gold loans.

In keeping with the government's aim for a digital economy, State Bank of India has embraced emerging technologies such as Central Bank Digital Currency (CBDC), launching test projects to connect CBDC with current payment ecosystems such as UPI.

#### Growth in Fintech Startups and Businesses

With the growth in Indian banking sector and integration of technologies in the financial businesses, the emergence of fintech companies, new age fintech startups and alternative lending platforms has disrupted the traditional lending landscape. Fintech lenders leverage technology and data analytics to offer personalized loan products, expedite loan approvals, and cater to underserved segments of the population, further drive the growth of India personal loan market. In the current age, where borrowers are looking for fast and convenient solutions to their needs in terms of personal loans, startups and platforms leverage various technologies to instantly help consumers, relatively to expedite the process.

In 2024, DigitMoney announced the debut of its unique platform in India, which provides a game-changing solution in the domain of personal loans. With the potential to give borrowers with fast pre-approved loan offers, this revolutionary platform is poised to alter the borrowing experience for people across the country. DigitMoney leverages solid partnerships with key lending institutions to shorten the loan application process, making it completely digital and eliminating the need for lengthy documentation.

Similarly, WeddingLoans.com (launched by Matrimony.com in November 2024 in partnership with IDFC FIRST Bank Limited, Tata Capital Limited, and L&T Finance Limited) has intensified competition by offering flexible loan solutions.

#### Strict Government Regulation of Substitute Products Can Increase the Market

The Indian personal loan industry is experiencing strong growth, driven not merely by increasing consumer demand and digitalization but also by the regulatory tightening of alternative lending channels like peer-to-peer (P2P) lending portals. The Reserve Bank of India (RBI) has now levied fines on four P2P lending websites for non-adherence to regulatory standards, indicating a stricter regulatory approach.

These enforcement efforts reflect the government's dedication to ensuring transparency and consumer protection in the financial system. Consequently, customers are turning more and more towards more traditional and regulated channels, including banks

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and non-banking financial companies (NBFCs), which are viewed as safer and more secure sources of credit. Also, the regulatory oversight for P2P platforms is discouraging unregulated players, eliminating non-compliant operators, and mitigating risks in the lending space. With increased consumer confidence, improved governance, and improved guidelines available, the official personal loan space is picking up pace and emerging as the borrowers' go-to option in both urban and semi-urban India.

#### Future Market Scenario (FY2025 - FY2032F)

-□ India personal loan market is expected to expand consistently over the coming years with a growing consumer base and a large middle and low-income group who constantly require financial support for various needs.

-□ India personal loan market is likely to transform significantly over the coming years due to the digitalization of financial services with high and increasing emphasis on online application processes with paperless transactions and verification methods.

-□ On the lines of India personal loan market it is expected that data analytics and artificial intelligence (AI) will play a key role in risk assessment, credit ratings, and loan approval processes. Financial institutions are likely to leverage these tools in the near future to make processes more automated, fast-paced, and hassle free.

#### Key Players Landscape and Outlook

The several key players in India personal loan market are shaping the landscape of the integral financial services in the country. Several key players include banks, NBFCs, fintech startups, and other financial institutions are leading the charge of digital transformation of financial services and continue to shape India personal loan market.

Overall, the market is highly competitive in almost every aspect of personal loans offering similar products and services at similar interest rates and terms and conditions and players are trying to compete on improvised consumer experience and service. With the growing consumer base along with rising consumer needs and aspirations, lifestyle upgradation, and the need for flexible financial support is likely to drive the market in the forecast period. With widespread access to the internet and the proliferation of smartphones and digital devices, acceptance of digital payments will fuel online banking services for personal loans. In October 2024, Kotak Mahindra Bank Limited announced the acquisition of Standard Chartered Bank's personal loan business in India to address the rising demand for personal loans. Additionally, the increasing adoption of digital lending and instant approvals continues to drive demand, making personal loans more accessible across India.

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