

UNSECURED LENDING AND ITS PROMISE OF STRUCTURAL GROWTH



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India's consumer finance comes of age as dramatic changes in consumer behavior, technology and credit underwriting conflate to drive growth in unsecured lending. We expect ~20% CAGR in personal loans over FY23-28, which will total Rs 25 tn and account for an ~8% chunk of system loans. We see this fillip driving structural growth with large banks best placed to ride the wave, while NBFC-supported fintechs grow volumes and customers at the lower-end of the market.

Highlights:

- Banks operate in large ticket loans, while fintechs focus on smaller sizes
- Delinquencies remain low; large banks to manage any credit cost increases
- Expect strong growth to continue, regardless of rising risk weights
- Large banks are well placed to ride the wave

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