



EQUIFAX **ASPIRATIONAL** **INDIA**

The Rise of **Credit Led**
New Consumer Era





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Information Services

India is standing at the threshold of a historic consumer renaissance. A profound cultural and economic pivot is underway as household wallet allocations shift decisively from survival staples — the classic *Roti, Kapda, aur Makaan* — toward aspirational lifestyle choices, mobility, and personal upgrades. Non-food expenditures now command 57% of household spending, driven by a rising per-capita income that is elevating over 100 million households into the Mass Affluent tier. At the center of this transformation is India's youth — Gen Z and Millennials — who view credit not as a burden of last resort, but as a frictionless, everyday utility for empowerment.

This new era of consumerism is deeply rooted in democratization. Semi-urban and rural markets now generate 73% of aspirational credit origination value, fueled by India's world-leading Digital Public Infrastructure. The seamless integration of UPI, the Account Aggregator network, the Unified Lending Interface (ULI), and embedded point-of-sale financing has effectively dismantled historical geographic and documentation barriers. From *Credit on UPI* to instant sachet loans, "credit-invisible" citizens are building formal financial identities at an unprecedented pace.

However, scaling consumer credit responsibly requires granular risk differentiation. As this report highlights, the aspirational consumer is far from a monolith. Serving this market sustainably demands tailored credit structures across distinct behavioral personas—whether providing micro-liquidity for *Street Vendors*, cash-flow-aligned capital for *Rural Bharat Aspirants*, structured EMI journeys for urban *Lifestyle Seekers*, or uncollateralized enterprise lines for female-led *Emerging Micro-Ventures*. Furthermore, as digital adoption accelerates, the ecosystem must remain vigilant against structural vulnerabilities like multi-app loan stacking and over-leveraging among younger demographics.

At Equifax, our mission is to provide the intelligence that balances rapid inclusion with institutional stability. By synthesizing real-time data, advanced predictive analytics, and robust consumer bureau insights, Equifax acts as the essential trust anchor connecting informal ambition to formal capital.

This report offers a comprehensive diagnostic of India's evolving consumer credit landscape, providing financial institutions, fintechs, and policymakers with actionable blueprints for sustainable growth. Together, by aligning innovative underwriting with ethical lending guardrails, we can empower India's aspirational millions while building a resilient, world-class financial ecosystem.

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Aspirational India Consumer Report

The Making of an Aspirational Consumer

Exploring the structural shifts in India's economy affecting the Credit consumer persona

Aspirational India Comes of Age

The Consumerism Pivot

India is moving towards a consumption-led economy driven by domestic demand & an "Aspirational" demographic that scales credit for better lifestyle and entrepreneurship



Factors driving the Consumerism Pivot



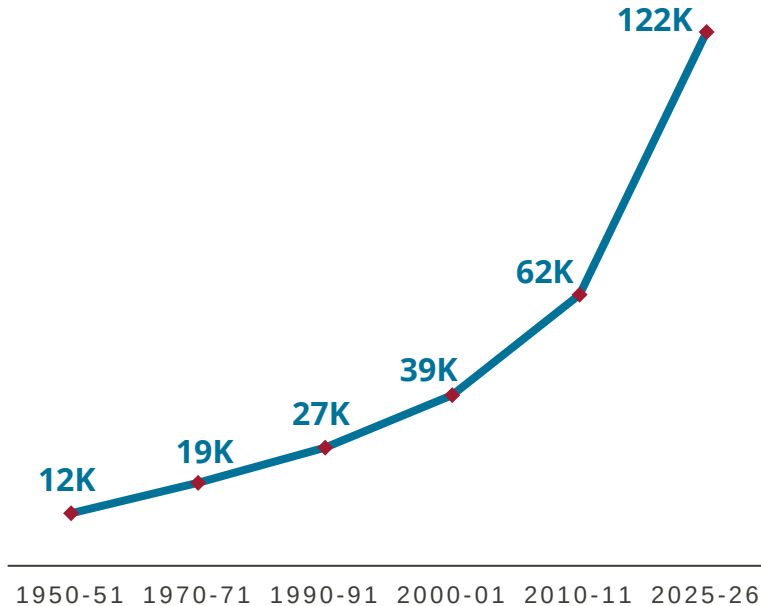
Understanding the Aspirational Indian Behavioral Persona



Rise in Income and Focus beyond Essentials

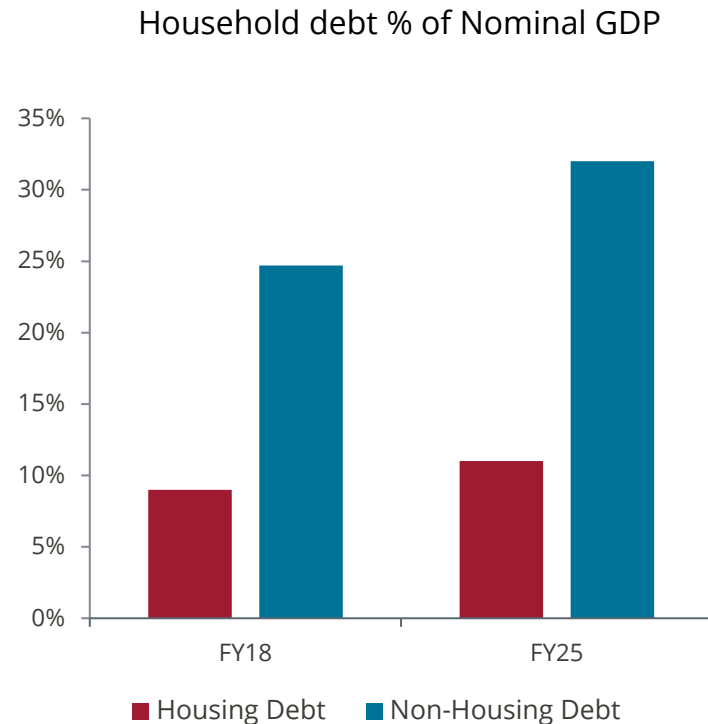
Aspiration takes wings

A 10-Fold Surge in Real Per-Capita Income



Source: National Statistical Office (Economic Survey 25-26)

Rising Trend in Non-Housing Household Debt



Source: Marcellus Investment Managers, RBI, National Housing Board & MoSPI

THE GIST

Real per-capita Net National Income (NNI) has increased **~9.8x** since the post-independence period, indicating a structural change

Despite rising per-capita incomes, India's net household savings recently fell to a multi-decade low of **~5.2%** (2022-2023) of GNDI*

This major shift is also affecting the borrowing behavior as Non-Housing Debt continues to rise signifying that a larger share of income is used to finance lifestyle choices

Moreover, **25%** of the borrowing population now utilizes credit to finance holidays and travel, with salaried professionals comprising two-thirds of this segment**

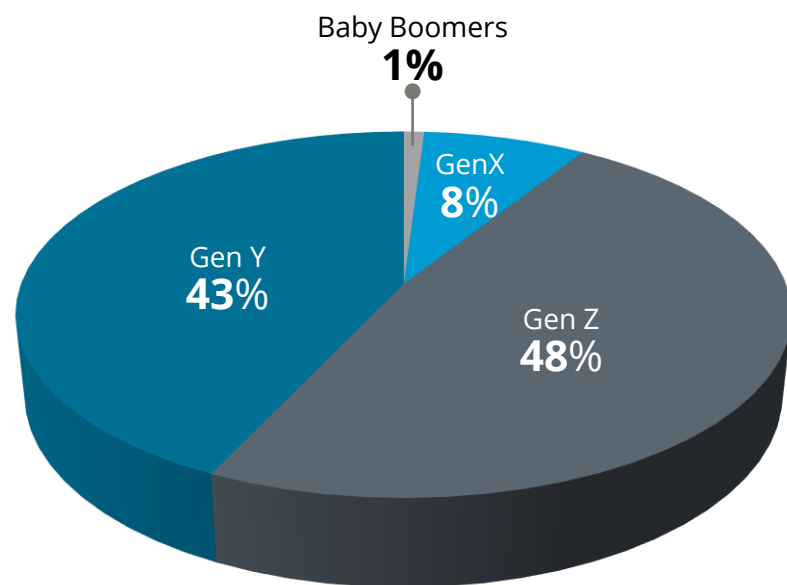
Source: * RBI Annual Report 25-26

** 'How India Travels Using Holiday Loans: A Consumer Insights Report by Paisabazaar', July 2025.

Demographic Dividend

Gen Z brings about a paradigm shift

Gen Z overtakes as the Primary Driver for Personal Loans



Source: Equifax Consumer Credit Archives on Personal Loans sourced in FY26

BNPL & STPL Credit Enablers



Credit on UPI

Gen Z can now access credit by scanning a QR code anywhere from tea stalls to cafes eliminating the need for physical credit cards or POS machines



E-commerce Checkout Integration

Strategic partnerships between BNPL providers and major E-commerce platforms enable credit options directly at the point of purchase



Micro-ticket Financing

It allows Gen Z to use credit for everyday lifestyle purchases like food delivery, fast fashion, and entertainment, normalizing credit usage for low-value items



Gamification and Rewards

BNPL apps are highly gamified, offering instant cashback, milestone rewards, and exclusive discounts at partner brands. This lifestyle-centric approach makes the credit product feel like a premium membership rather than a loan

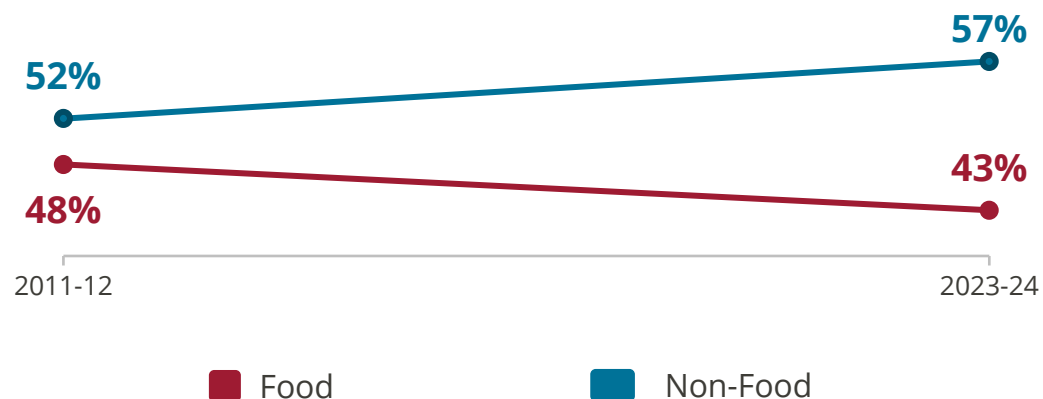
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The surge in Gen Z borrowing is heavily catalyzed by frictionless, Small-ticket Personal Loans, BNPL and checkout finance options which cater to their growing appetite for instant gratification and aspirational consumption

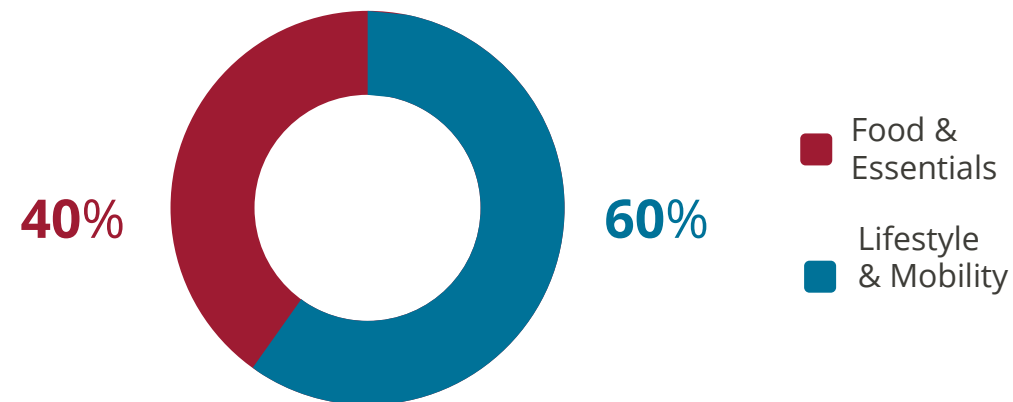
The Cultural Shift: Beyond *Roti, Kapda aur Makaan*

As the wallet shifts from survival to lifestyle, frictionless credit acts as the bridge to instant affordability

Non-Food Spending Overtakes Food (2011–2024)



The Modern Urban Wallet



THE GIST

Unlocking Aspirational Wealth

India's household spending mix is gradually shifting toward non-food expenditure, with the shift particularly pronounced in urban India. With food spending dropping below 50%, the majority of the Indian wallet has been unlocked and is now actively driving aspirational expenditures

Experiences and Convenience Over Staples

Aspirational consumers are investing heavily in how they live and move. Conveyance and personal transport are now the highest non-food expenses, followed closely by consumer durables and entertainment

Source: Household Consumption Expenditure Survey (HCES) 2023–2024

India's Digital Lending Journey provides convenience to Aspirational Borrowers



UPI

21.70B

Transactions in Jan'26



DBT

49.47L Cr

Transferred as of Mar 2026



Digi Locker

950+ Cr

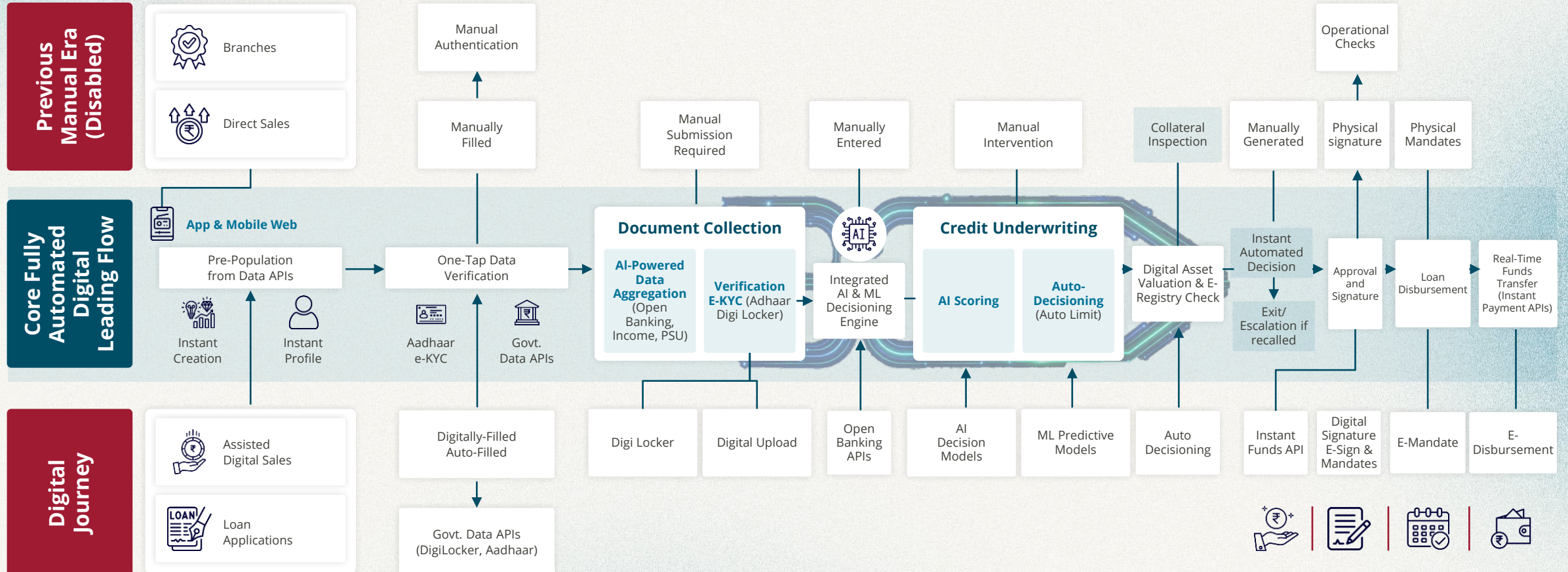
Documents issued as of Mar 2026



Data Cost per GB

₹8-10

Declined sharply from ₹269 in 2014



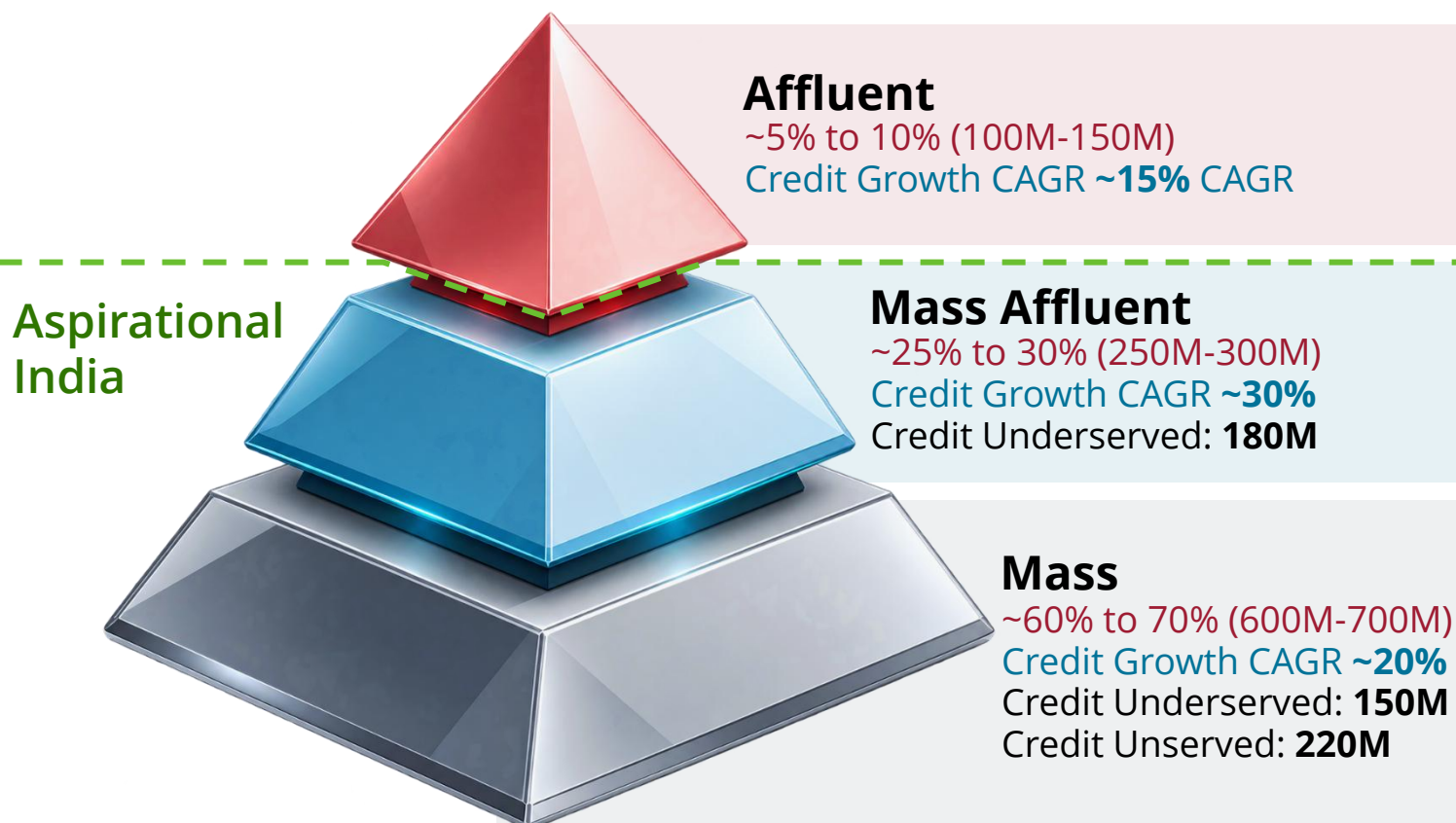
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The central pathway shows a seamless digital pipeline. It covers everything from pre-populating applications via Data APIs and instant e-KYC verification to automated credit underwriting and real-time funds disbursement

Who is an Aspirational India Consumer?

An Aspirational Indian Consumer is anyone utilizing credit to bridge the gap between where they stand today and where they want to be tomorrow

Indicative segmentation of India's credit-relevant population



Sources: Income growth cited on page 11 and wallet reallocation cited on page 13 | Pyramid : Equifax Bureau data

Population estimates are based on India's credit relevant population, categories are not mutually exhaustive of India's total population

Aspirational Growth Drivers

Income Growth

A ~**2.2x surge** in per-capita income over the last decade is elevating ~100M households into the Mass Affluent tier

Wallet Reallocation

Food spending as of 2024 dropped to 43% of the urban wallet share whereas lifestyle spending expanded from 52% to 57% over the last decade

Credit Multiplier

Mass Affluent credit growing at **30% CAGR** nearly doubling everyday consumer spending power

Bureau Scale

A **330M** underserved credit pool enters the ecosystem, with the majority of digital volume captured by Gen Z & Gen Y

Evolution of the Credit Ecosystem

Post-Independence 1947 to Viksit Bharat 2047

A chronological roadmap charting the evolution of lending across four distinct historical epochs, that shaped India into a consumption-driven credit economy.



1947 – 1990



The State-Led Command
& Nationalization Era

1991 – 2013



The Liberalization
& Consumer Boom Era

2014 – 2021



The Digitalization
& Formalization Era

2022 to Beyond



Aspirational
Era

The State-Led Command & Nationalization Era (1947 – 1990)

Average GDP Growth: ~3.5% to 4.5%



Economic Landscape

Democratic Socialism

Five - Year
Plans introduced

Imp Substitution aimed

"Garibi Hatao" populism



Regulatory Landscape

Banking Companies
Act established

Nationalization of RBI,
commercial banks,
and insurance

Strict CRR and
SLR mandates

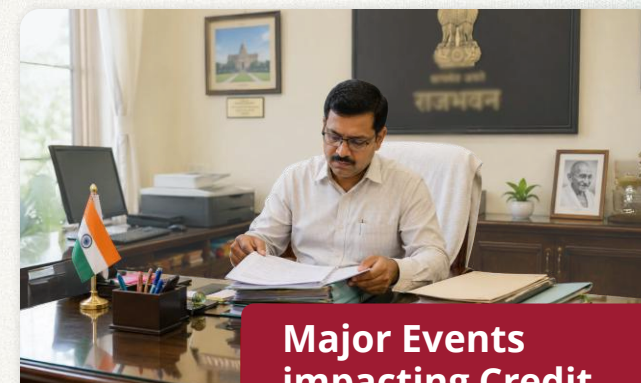


Lending Landscape

DFI-led corporate credit

Directed Priority Sector
Lending (PSL)

Consumer credit
virtually non-existent



Major Events impacting Credit Ecosystem

1949

Nationalization
of the RBI

1951

Launch of the First
5-Year Plan

1955

Nationalization of a
major banking entity
and incorporation of a
key financial institution

1969 -1980

Waves of Private
Commercial Bank
Nationalization

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A 43-year period defined by rigid state planning, democratic socialism, and the License Raj, where credit was strictly directed towards heavy industry and priority sectors. Bank nationalizations and high reserve requirements cemented intense state control, prioritizing nation-building over profitability.

Source: History of RBI Vol3&4

// The Liberalization & Consumer Boom Era (1991 – 2013)

Average GDP Growth: ~5.5% to 7.5%



Economic Landscape

LPG (Liberalization, Privatization, Globalization) reforms

Rapid urbanization and high GDP growth fueled by infrastructure expansion



Regulatory Landscape

Narasimha Committee reforms

Macro-prudential RBI shift

SARFAESI Act enforcement



Lending Landscape

Rise of Credit Bureaus

Unsecured consumer credit boom

Subsequent "Twin Balance Sheet" corporate exposure



Major Events impacting Credit Ecosystem

1991 ● BoP Crisis, IMF Bailout

1993–1994 ● Licensing of New Private Sector Banks

2005 ● CICRA Act passed

2008 ● Global Financial Crisis (GFC) & RBI Liquidity Injections

THE GIST

Sparked by a severe balance-of-payments crisis, India dismantled the License Raj, integrating with the global economy. The emergence of new-generation private banks and interest rate deregulation fueled an unprecedented Consumer credit boom alongside massive corporate infrastructure expansion.

Source: History of RBI Vol3&4, India Code

The Digitalization & Formalization Era (2014 – 2021)

Average GDP Growth: ~5.5% to 6%



Economic Landscape

Rapid formalization

DPI expansion

Pandemic-era
liquidity measures



Regulatory Landscape

IBC passage

RBI Asset Quality
Review (AQR)

GST implementation



Lending Landscape

Algorithmic underwriting

Rise of Fintechs and Small
Finance Banks (SFBs)



Major Events impacting Credit Ecosystem

2014

Launch of PM
Jan Dhan Yojana

2015

RBI Asset Quality
Review (AQR)

2016

Demonetization,
Launch of UPI &
Passage of IBC

2017

Rollout of GST

2020-2021

COVID-19 Pandemic
Response

THE GIST

Characterized by a massive drive towards economic formalization leveraged by Digital Public Infrastructure (DPI) like UPI. Bank balance sheets underwent an aggressive regulatory cleanup, while fintechs restructured credit risk assessment from asset-collateralized to data-driven underwriting.

Sources: PMJDY, NPCI, IBBI, GST

The Aspirational Era (2022 to Beyond)

Average GDP Growth: ~7% to 7.6%



Economic Landscape

Post-pandemic recovery

Atmanirbhar Bharat

PLI manufacturing schemes

Saptadhara framework



Regulatory Landscape

Strict RBI Digital Lending Guidelines

RBI Co-Lending Directions introduced

Increased risk-weights on unsecured credit

ESG mandates



Lending Landscape

BNPL expansion

Instant digital personal credit boom

Account Aggregator (AA) scaling

AI credit syndication

RWA tokenization



Major Events impacting Credit Ecosystem

2022

RBI Digital Lending Guidelines

2023

Increased Risk Weights on Unsecured Loans

2024

Scale of AAs & RBI's CBDC Expansion

2025

Banking Laws (Amendment) Act & Alternative Investment & Credit Facilities

2026-2047

Universal Financial Inclusion & AI-driven Utility Models

THE GIST

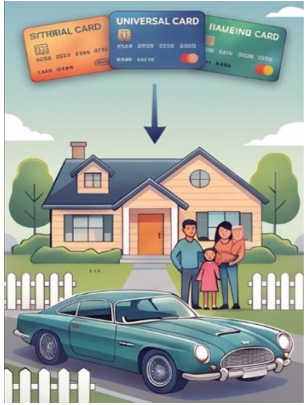
A hybrid of post-pandemic Consumer credit explosion leads to Credit becoming a lifestyle tool for Gen Z and Gen Y. The strategic roadmap targets a \$30 Trillion developed economy by 2047. The era transitions from hyper-growth in digital personal lending towards a highly personalized, AI-driven utility prioritizing universal financial inclusion, green finance, and deep DPI integration.

Sources: RBI Handbook, NITI Aayog

India's Aspirational Journey Mirrors Successful Global Growth Models



UNITED STATES (1950s–1970s)



Revolving Credit Introduced
Household appliances shifts
to credit-funded baselines
Consumer credit rights
institutionalized



JAPAN (1970s–1980s)



The “Three C’s” Culture
funded by Consumer loans
The Bubble Economy due
to financial deregulation



SOUTH KOREA (1990s–2000s)



Post-1997 Asian
Financial Crisis Pivot
Government –
Driven Credit Push
The 2003 Credit
Card Boom and Reset



CHINA (2000s–2010s)



E-Commerce &
Digital Payments
Fintech Credit
Products introduced
Rise in Small ticket
Micro-Lending



INDIA (2020s–Present)



Digital Public Infrastructure
(UPI / JAM)
Digital Micro-Loans &
Instant EMIs
Social Media driven
Consumption

THE GIST

India's Aspirational rise has just begun. Global experience suggests this is often a precursor to the economy moving from developing to being developed. This augurs well for the nation as we aspire to be a developed nation by 2047.

Sources: Central bank and regulatory archives including US Federal Reserve (TILA/ECOA), Bank of Japan, Korea FSC, PBOC, and Reserve Bank of India (2022–2023 Digital Lending Guidelines).

Profiling the Aspirational Indian Persona

Through the Credit Lens

While Aspirational India can be defined in many ways, we have focused on four illustrative behavioral personas. These personas have been chosen considering their significance in driving credit growth over next decade. We will examine their specific segment characteristics, market entry behaviors, and the unique credit choices they make. In doing so we will look at selective products with ticket sizes.

Note: Profiles are illustrative and indicative of core behavioral archetypes; not an exhaustive representation of Aspirational India.



Street Vendors

Personal Loan
Short term personal loan
Gold Loan



Rural Bharat Aspirants

Agri Loans
Personal Loan
Short Term Personal Loan



Lifestyle Seekers

Consumer Durable
Credit Card
Two-Wheeler Loan
Personal Loan
Short Term Personal Loan



Emerging Micro-Ventures

Gold Loan
Unsecured Business Loan

Street Vendors

Meet Selvan

He runs an unregistered daily flower stall outside the busy Madurai temple. To keep his cash flowing and inventory moving, he relies on **quick, hassle-free "sachet" credit** with less long-term debt worries.



Micro Loans

< ₹25,000

Used regularly as fast "sachet" credit to purchase fresh morning stock and ensure active, daily business operations.



Gold Loans

< ₹2.5 Lakhs

Leveraged occasionally to secure higher capital and power through high-demand wedding seasons.

Illustrative persona based on observed credit patterns; name and narrative are fictional
Figures are indicative in nature and based on secondary market findings

Street Vendors

THE GIST

Due to **irregular income** and **limited documentation**, **1.1%** of **Street Vendors** get **access to formal credit**

To meet their immediate cash needs — this predominantly Gen-Z segment (65%) relies heavily on digital Fintech platforms (61%) for short-term personal loans or they must leverage their personal assets for Gold Loans

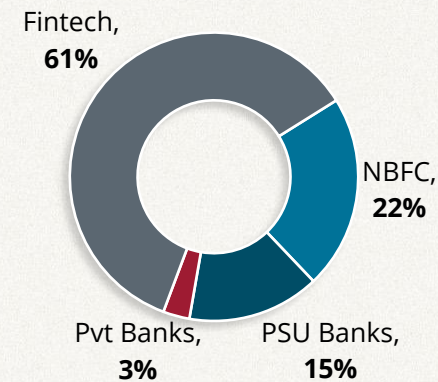
New To Credit Penetration

1.1%

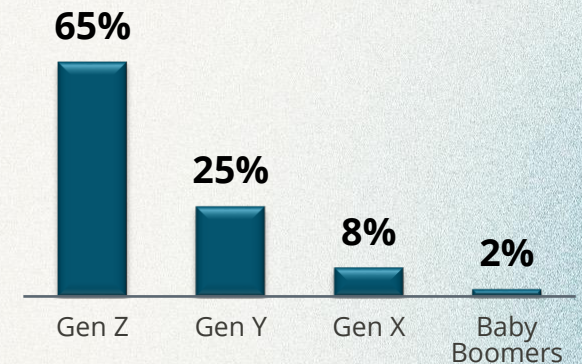
Average Ticket Size

₹ 44K

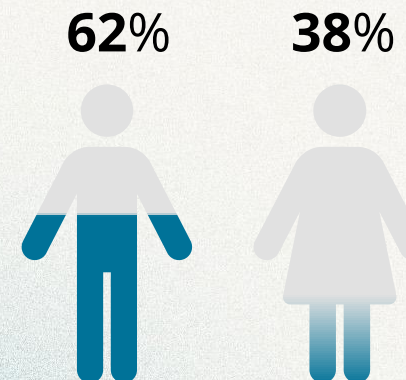
Lending Entities



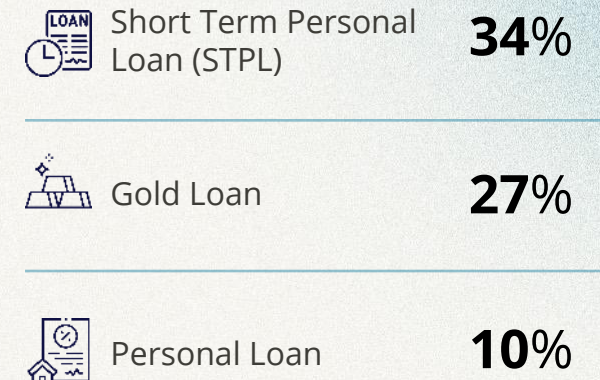
Age Cohorts



Gender



Top Entry Products



Sources: Equifax Research on representative sample of data with origination in AMJ'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Rural Bharat Aspirants

Meet Sukhdev

He is a progressive sugarcane and dairy farmer from Satara. To modernize his farm and scale operations, he relies on a diverse credit toolkit to power his agricultural growth.



Kisan Credit Card (KCC)

Seasonal Inputs

Used for purchasing seeds and fertilizers to keep routine farm operations humming.



Tractor Loan

Mechanization

Specifically leveraged for mechanizing the harvest to modernize traditional family farming.



Mudra Loan

Enterprise Scaling

Government-backed credit utilized to scale up his dairy operations by setting up a milk-chilling unit.



Quick Personal Loans

< ₹1 Lakh

Used for sudden cash needs for his local Agri-allied Consumer shop, right from his own pin code.

Illustrative persona based on observed credit patterns; name and narrative are fictional. Figures are indicative in nature and based on secondary market findings.

Rural Bharat Aspirants

THE GIST

Formal credit reaches just 0.7% of Rural Bharat Aspirants, yet they command a high initial ticket size. Driven largely by **Gen Y (41%)** with strong **female inclusion (47%)**, these borrowers depend on a mix of Fintechs and PSU Banks to access livelihood-focused products like Kisan Credit Cards and priority sector Agri-loans.

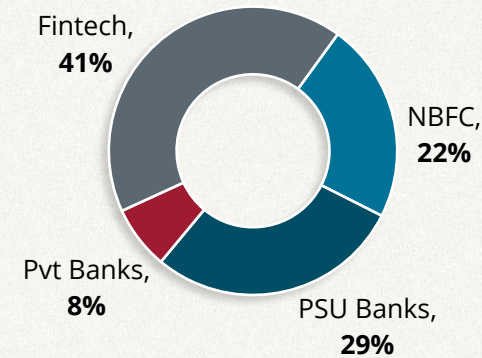
New To Credit
Penetration

0.7%

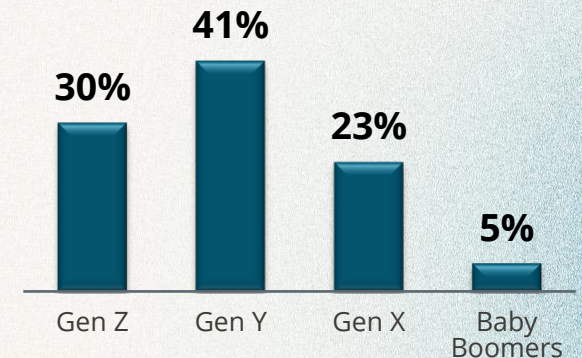
Average
Ticket Size

₹ 102K

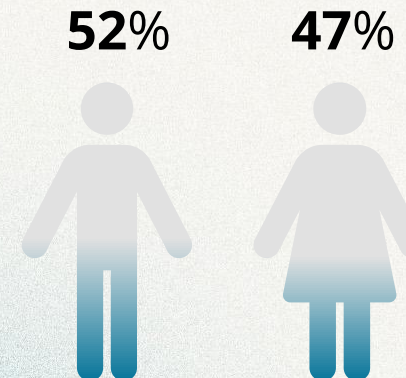
Lending Entities



Age Cohorts



Gender



Top Entry Products



Sources: Equifax Research on representative sample of data with origination in AMJ'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Lifestyle Seekers

Meet Priya

She is a 24-year-old social media coordinator and weekend delivery partner in Pune who uses a clever mix of quick credit lines to upgrade her day-to-day life today rather than waiting to save up.



Consumer Durable Loan

Latest Smartphone

Grabbed the latest phone to power her online content creation.



Two-Wheeler Loan

Delivery Scooter

Bought the vehicle that fuels her weekend delivery gigs and income.



Small Personal Loans

₹25,000 Ticket size

Taken out frequently to fund sudden weekend trips or tech upgrades.



Low-Limit Credit Card

> 50% Utilization

Kept active to smoothly manage her fast-paced lifestyle expenses.

Illustrative persona based on observed credit patterns; name and narrative are fictional
Figures are indicative in nature and based on secondary market findings



Lifestyle Seekers

THE GIST

Driven by a desire for lifestyle upgrades, 1.0% of Lifestyle Seekers enter the formal credit market with average initial limits of ₹66,586. Predominantly Gen Z (55%) and Gen Y (31%), they are highly digitized borrowers who turn to Fintech platforms (68%) to finance their aspirational desires.

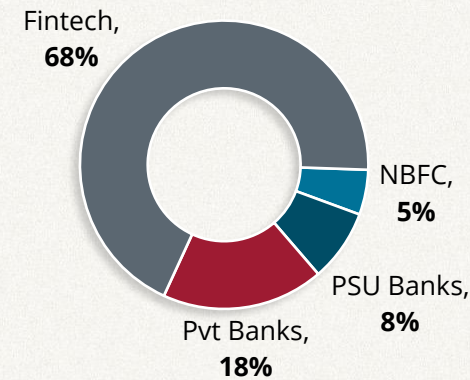
**New To Credit
Penetration**

1.0%

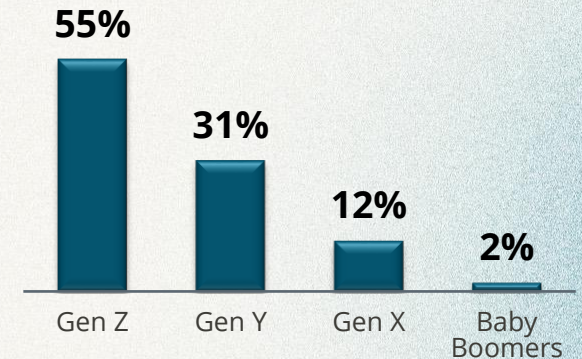
**Average
Ticket Size**

₹ 67K

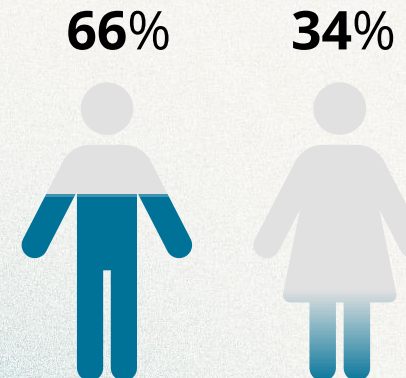
Lending Entities



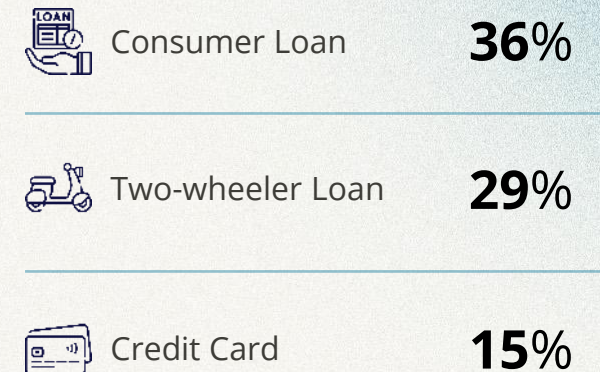
Age Cohorts



Gender



Top Entry Products



Sources: Equifax Research on representative sample of data with origination in AMJ'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Emerging Micro-Ventures

Meet Amrita

Amrita runs a busy embroidery business from a small workshop, where she and three other neighborhood housewives craft unique designs, and she is now ready to scale by taking on bigger client orders. To drive this growth, she acts as a savvy digital marketer, leveraging social media to share engaging videos about her store and behind-the-scenes production reels to attract new buyers. As her digital presence generates continuous demand, **she relies on a smart, flexible credit toolkit** to manage cash flows and upgrade equipment completely on her own terms.



Unsecured Business Loans

< ₹5 Lakhs

Relied on to purchase bulk fabric, keep raw materials stocked, and maintain smooth, day-to-day operational cash flows.



Gold Loan for Upgrades

~ ₹5 Lakhs

Tapped quickly when she needs to upgrade workshop machinery and prepare production lines before the seasonal festive rush.



Illustrative persona based on observed credit patterns; name and narrative are fictional
Figures are indicative in nature and based on secondary market findings

Emerging Micro-Ventures

THE GIST

Emerging Micro-Ventures showcase Women's Entrepreneurship, with women comprising **78%** of the segment. These are Gen Y and Gen-Z female entrepreneurs breaking traditional collateral barriers, securing high-value Unsecured Business Loans primarily through Private and PSU Banks. This marks a pivotal shift from female financial inclusion to female-led enterprise scaling.

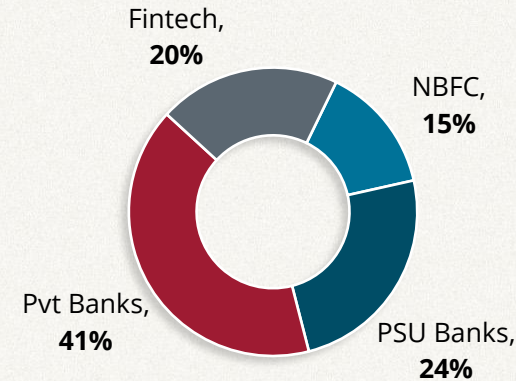
New To Credit Penetration

2.6%

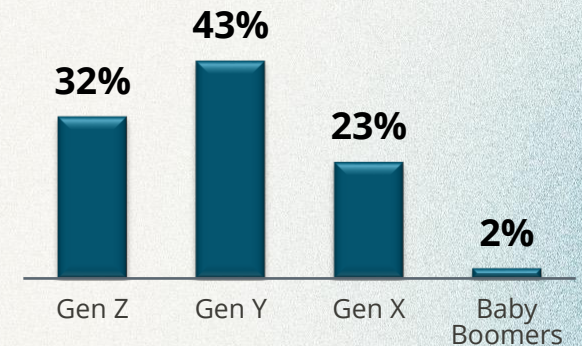
Average Ticket Size

₹ 172K

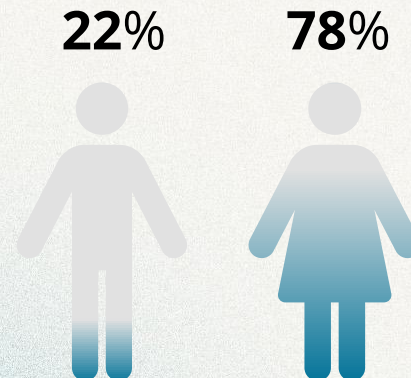
Lending Entities



Age Cohorts



Gender



Top Entry Products



Sources: Equifax Research on representative sample of data with origination in AMJ'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Enhancing Credit Access: Overcoming the Entry Barriers



Street Vendors

Underwrite Income via Alternative Data: Instead of traditional salary slips, lenders must use alternative data (like UPI transaction history) to underwrite volatile cash flows, helping Gen Z surpass current entry rates

Broaden Gateways Beyond High-Cost Options: Traditional banks can partner with digital platforms to offer fairer, lower-cost alternatives to expensive Short-Term Personal Loans and Gold Loans



Rural Bharat Aspirants

Expand Geographic and Systemic Inclusion: Overcome rural distribution friction in Tier-3+ areas by leveraging digital distribution networks and highly localized alternative underwriting data

Diversify Beyond Agricultural Credit: Introduce flexible, non-agricultural working capital loans alongside Kisan Credit Cards to help diversify rural household income streams



Lifestyle Seekers

Foster Sustainable Consumption Journeys: Design smart, structured EMI products that protect early-career cash flows rather than trapping lifestyle buyers in overlapping debt cycles

Harness Digital Fluency for Financial Health: Utilize high digital adoption on Fintech platforms to offer transparent, algorithmically fair credit lines that reward responsible repayment



Emerging Micro-Ventures

Optimize Pricing for Uncollateralized Capital: Transition to cash-flow-based underwriting to reduce the interest rate premiums that micro-ventures currently pay on Unsecured Business Loans

Bridge the Gender Collateral Gap: Design bespoke, trust-based enterprise credit products without traditional land requirements, empowering female micro-entrepreneurs who make up 78% of the segment



Aspirational India Consumer Report

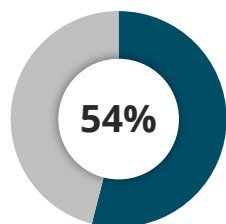
Aspirational India

Credit Market Performance

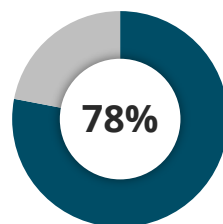
A comprehensive overview of market trends, product rankings, and borrower behavioral personas



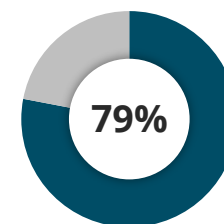
Overview of aspirational credit market



Aspirational Origination
volume share : AMJ'26
7.1 Crore
Origination Industry
Volume : **13.59 Crore**

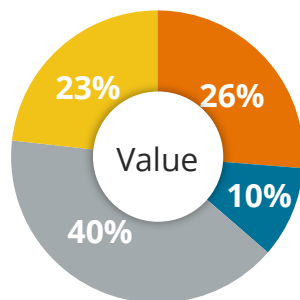
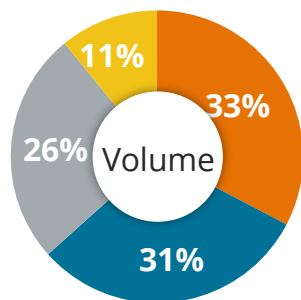


Aspirational Origination
share : AMJ'26
₹ 19 Lakh Crore
Industry Origination
Value : **₹24 Lakh Crore**



Aspirational
AUM as of Jun'26
₹ 132 Lakh Crore
Industry AUM :
₹167 Lakh Crore

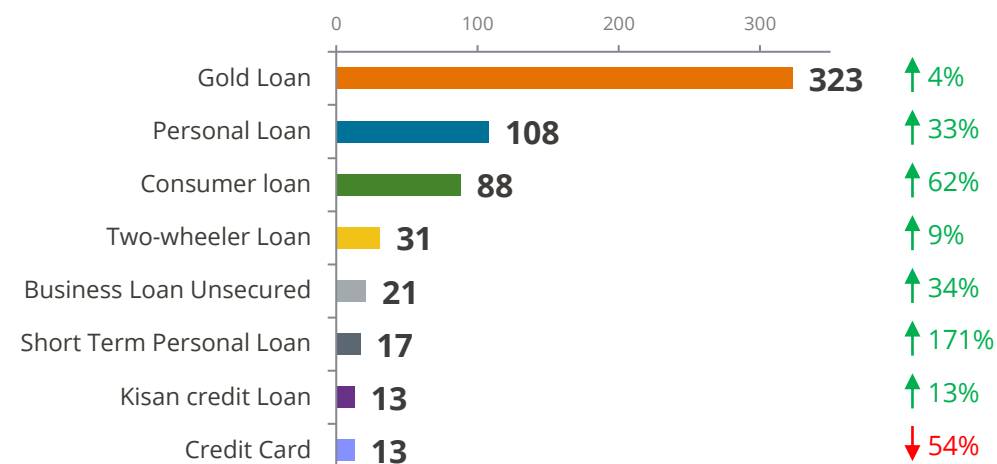
Market % share on Origination



■ NBFC ■ Fintech ■ PSU Bank ■ Pvt. Bank



Top products



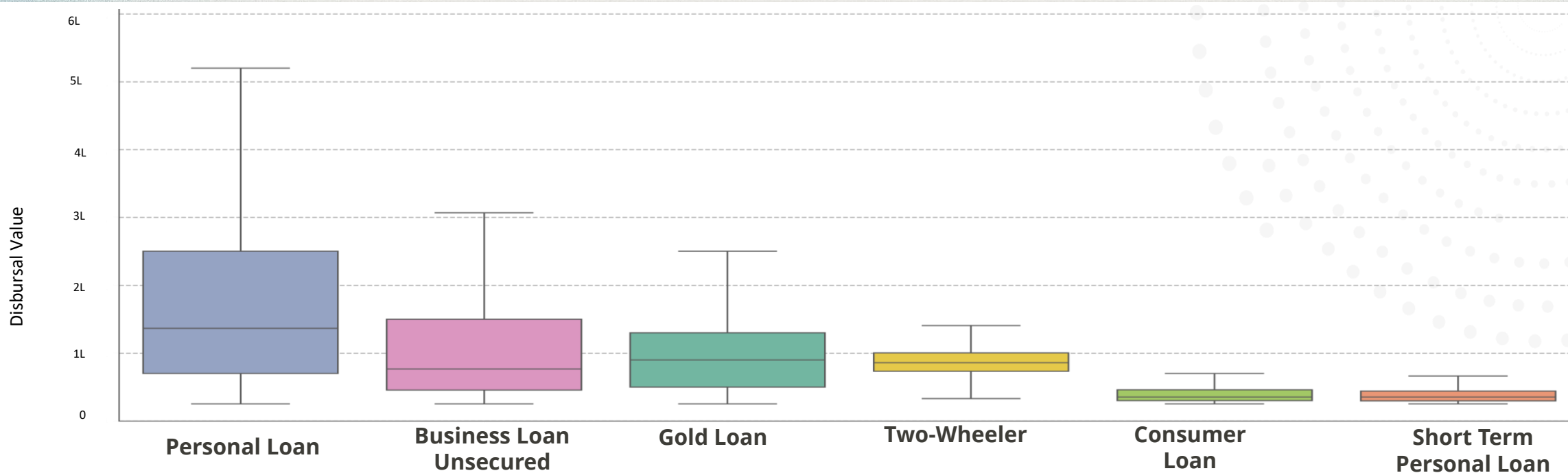
Top products are based on origination volume AMJ'26 (Lakh)

YoY Growth

THE GIST: Aspirational India's credit landscape is undergoing a structural shift toward formalization, where rising digital inclusion, smartphone adoption, and UPI infrastructure allow semi-urban and rural markets to command 73% of credit value. This expansion is fueled by high-velocity consumption credit—evidenced by growth in Short Term Personal Loan and Consumer Loans as first-time borrowers leverage low-ticket digital credit for immediate needs while relying on Gold Loans for low-barrier asset-backed liquidity

Data for graph is sourced in AMJ'26 | This excludes <25K and >1cr origination amount | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB(Small Finance Bank)

Credit Portfolio: Distribution & Variance Analysis



THE GIST — KEY STRATEGIC INSIGHTS

1. High-Variance Personal Loans

Personal Loans exhibit the widest interquartile range and highest upper whisker cap, reflecting diverse ticket sizes across income brackets.

2. Moderate Gold Collateral Spread

Gold Loans maintain a balanced interquartile distribution with stable medians, driven by standardized pledge value ratios.

3. Low Ticket Size Variance

STPL and Consumer Loans show lowest spread in ticket size variance

Data for graph is sourced in AMJ'26 | This excludes <25K and >1cr sourcing amount
Analysis post excluding the outliers



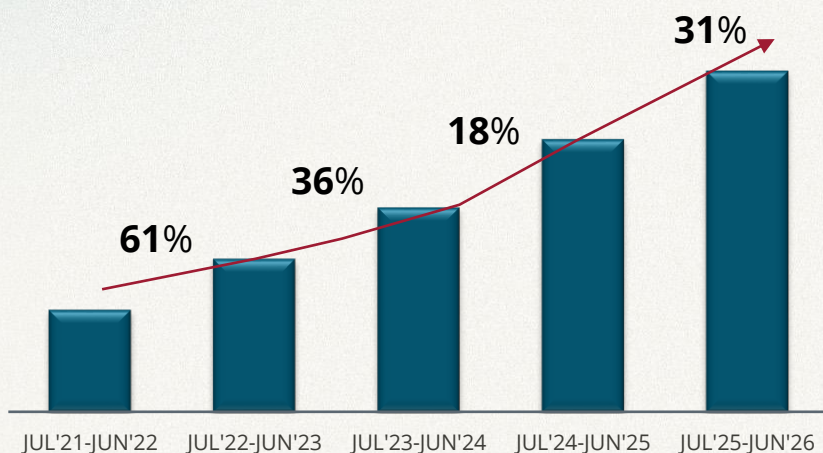
Aspirational Customer

Credit Profile

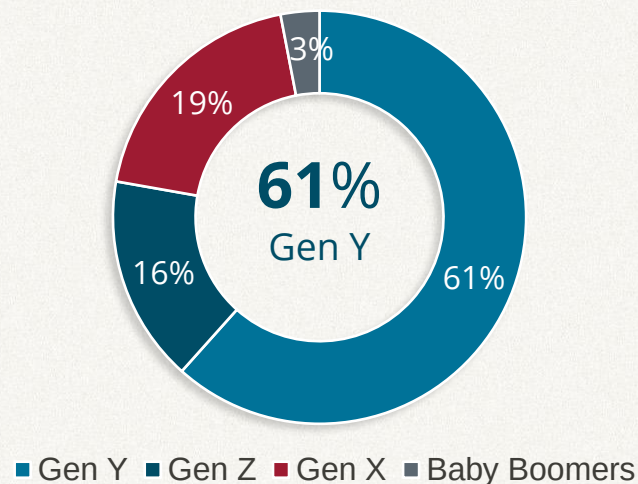
Street Vendor

Low-Barrier Credit Led Disbursals for Street Vendors

YoY Growth on Origination Value



Age Segment



Average Loan Disbursal

₹62,000

Consumer Loan:
₹17,689

Gold Loan:
₹95,000

Personal Loan:
₹11,500

Two-wheeler:
₹94,065

Short term Personal loan:
₹5000

Regional Market Share



Urban
29%

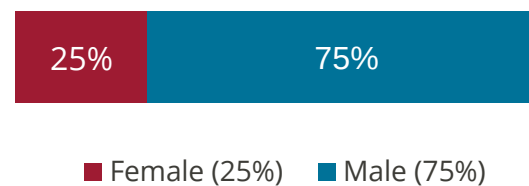


Semi Urban
44%



Rural
27%

Gender Mix



THE GIST

Street vendors need fast, low-paperwork financing. Gold Loans and Two-Wheeler Loans provide the highest ticket sizes for quick liquidity and business mobility, far exceeding micro-options like Consumer Loans and Short-Term Personal Loans

The portfolio relies on male borrowers and Gen Y, highlighting an under-penetrated opportunity within younger age demographic segments.

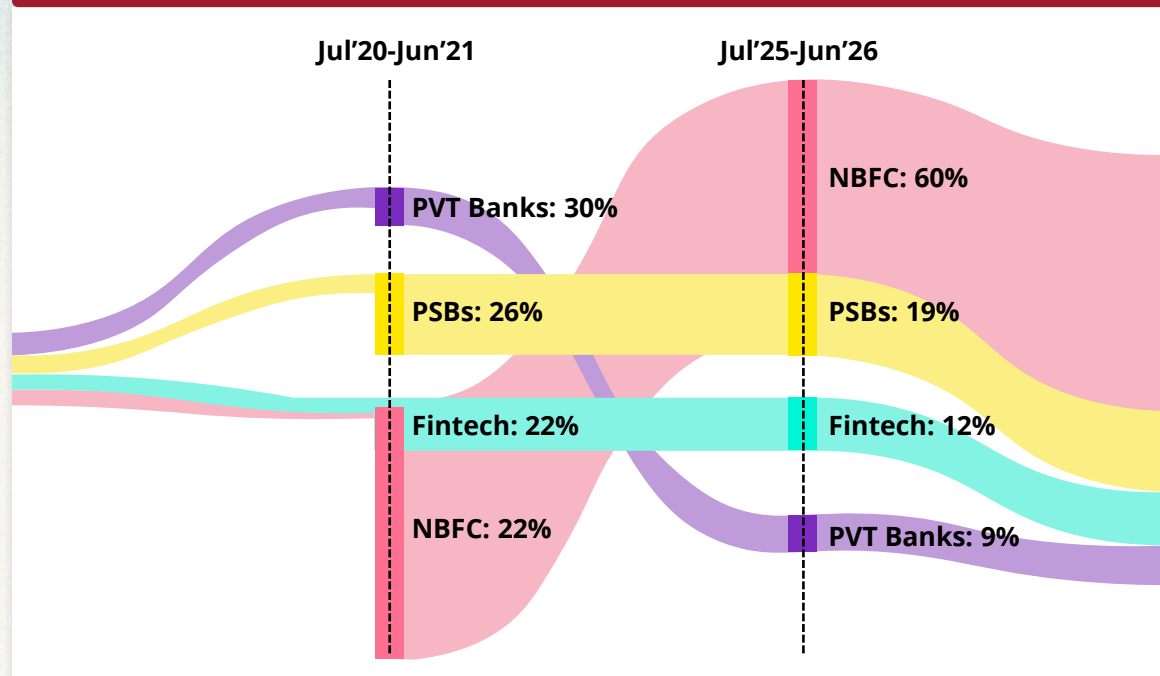
Based on sample sourcing data for Jul'25-Jun'26

Street Vendors

Fintechs are the primary gateway for street Vendors

Lender Share Evolution

5-Year Market Shift



1st Lender vs 1st Product Matrix Penetration %

1st Lender	Consumer Loan	Gold Loan	Personal Loan	Short Term Personal Loan	Two-wheeler
PVT Banks	0.9%	5.6%	8.6%		8.0%
PSBs	0.2%	27.0%	5.0%		0.3%
NBFC	12.4%	37.5%	22.5%	32.1%	54.5%
Fintech	86.5%	30.0%	63.9%	67.9%	37.2%

The GIST

NBFCs have aggressively captured the market over 5 years, largely displacing Private Banks.

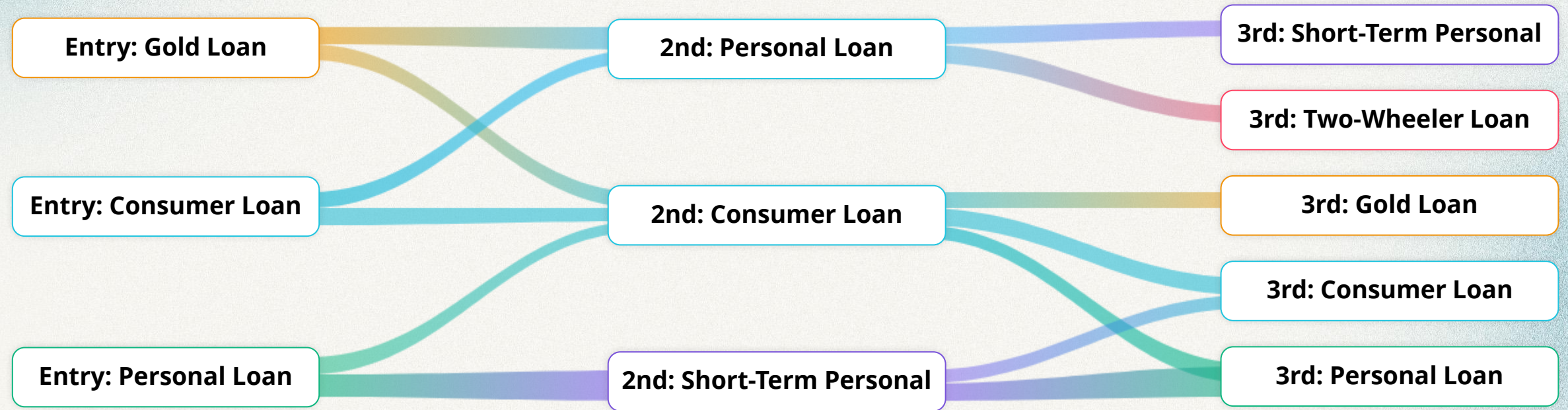
Fintechs act as the primary digital gateway for street vendors seeking unsecured credit, commanding initial entry market share in Consumer Loans, Short-Term Personal Loans, and Gold Loans.

Private Banks show caution in lending to street vendors, holding a negligible entry-level penetration across every product.

Based on sample sourcing data for Jul'25-Jun'26 Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Street Vendor

Low-Barrier Credit Products Serve as Primary Onboarding Entry Points



THE GIST — KEY STRATEGIC INSIGHTS

1. Entry Point Collateralization

Gold Loans & Consumer Durables serve as primary entry gateways, helping street Vendors establish initial credit histories without high formal income proof.

Based on sample sourcing data for Jul'24-Jun'25

2. Migration to Short-Term Liquidity

By Stage 2, borrowers transition into Short-Term Personal Loans, 2nd time personal Loan, indicating a growing demand for uncollateralized working capital.

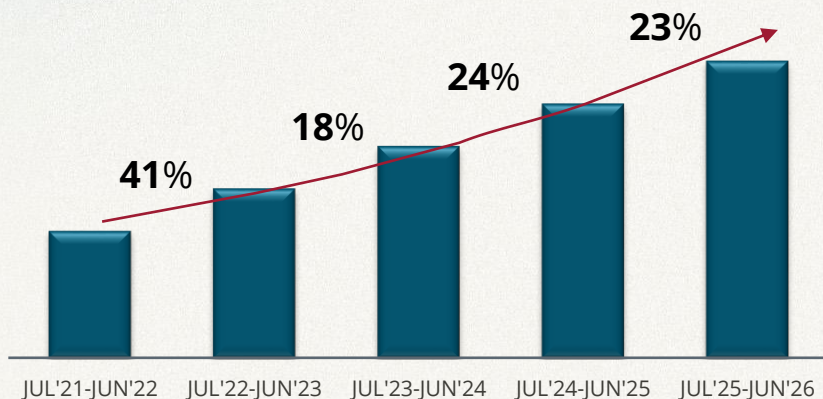
3. Asset Creation Acceleration

Stage 3 introduces Two-Wheeler Loans & larger Personal Loans, demonstrating credit maturation from survival borrowing to productive asset creation.

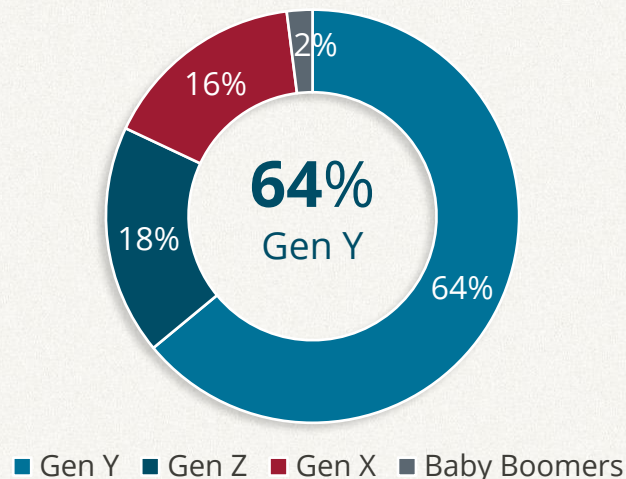
Lifestyle Seeker

Gen Y & Gen Z comprise 82% of originations, driving rapid urban credit adoption

YoY Growth on Origination Value



Age Segment



Average Loan Disbursal

₹64,700

Credit Card:
₹63,750

Consumer Loan:
₹18,999

Personal Loan:
₹17,100

Two-wheeler:
₹94,000

Gold Loan:
₹10,700

Regional Market Share



Urban
47%

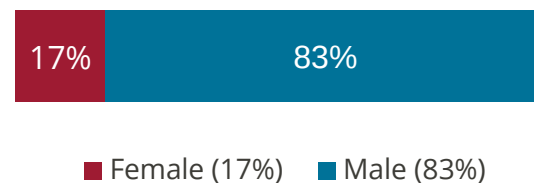


Semi Urban
36%



Rural
17%

Gender Mix



The GIST

Portfolio volume is heavily dominated by Gen Y, with secondary support from Gen Z, reflecting credit adoption among younger cohorts.

Credit cards, personal loans, and consumer loans maintain lower average ticket sizes, reflecting high-frequency spending for everyday lifestyle needs.

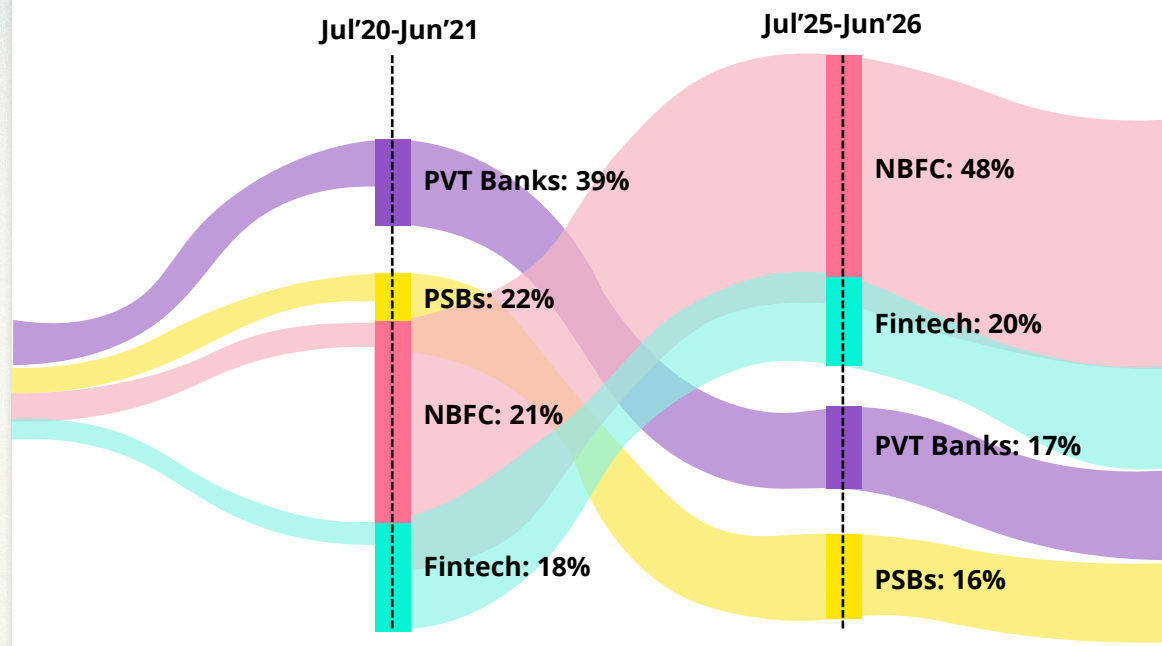
Based on sample sourcing data for Jul'25-Jun'26

Lifestyle Seeker

Private Banks Monopolize Credit Cards While NBFCs and Fintechs Capture Overall Market Share to Drive "Lifestyle Seeker" Onboarding

Lender Share Evolution

5-Year Market Shift



1st Lender vs 1st Product Matrix Penetration %

1st Lender	Consumer Loan	Credit Card*	Gold Loan	Personal Loan	Two-wheeler
PVT Banks	0.5%	82.1%	10.0%	10.6%	8.2%
PSBs	0.1%	1.7%	21.5%	8.2%	0.3%
NBFC	11.9%		37.0%	26.7%	56.0%
Fintech	87.5%	17.1%	31.5%	54.5%	35.5%

The GIST

Between 2020 and 2026, market share shifted away from traditional banking as NBFCs and Fintechs captured nearly 70% of borrower acquisitions.

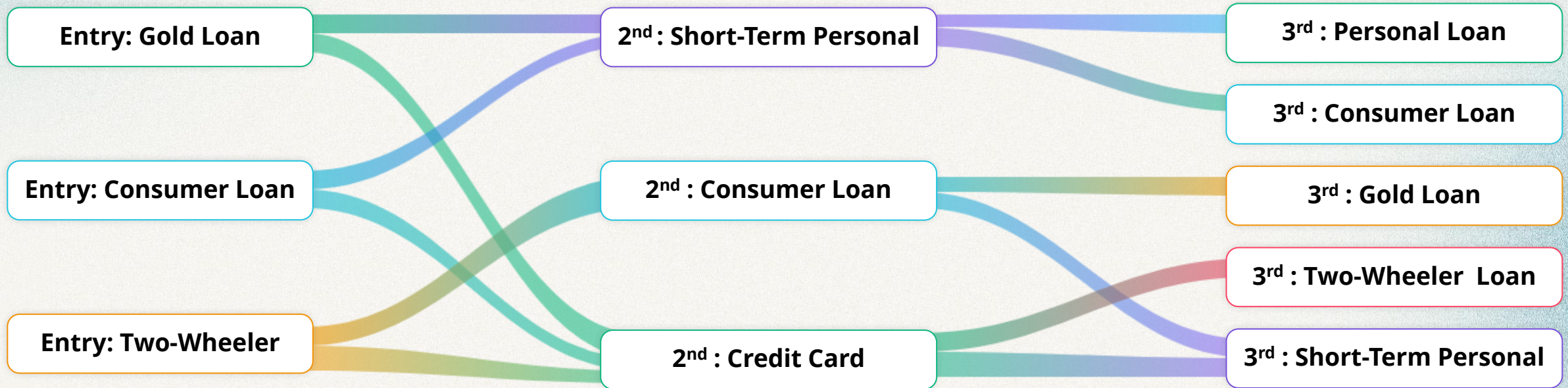
Fintechs completely dominate entry level borrowing penetration in Consumer Loans and Personal Loan.

NBFCs dominate the entry funnel for asset-backed liquidity, leading first-time acquisitions in Two-Wheelers and Gold Loan.

Based on sample sourcing data for Jul'25-Jun'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance bank) | Credit Card - PVT Banks : NBFC + PVT Banks

Lifestyle Seeker

Lifestyle Seeker shows lifecycle progression by leveraging low-barrier gateway products to unlock broader multi-asset credit over time



THE GIST — KEY STRATEGIC INSIGHTS

1. Uncollateralized Entry Dominance

Two-Wheeler and Consumer Loans account for the primary entry gateways, reflecting high digital adoption and instant pre-approvals.

2. Short-Term Refinancing Surge

Transitions the customer into revolving credit lines for everyday spending once baseline creditworthiness is proven.

3. Multi-Tier Product Maturation

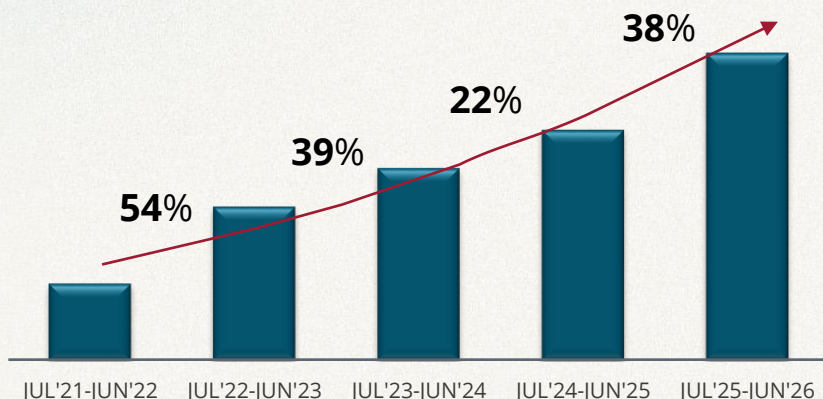
Stage 3 witnesses broad product diversification across Gold, Two-Wheeler, and Personal Loans, indicating long-term customer retention.

Based on sample sourcing data for Jul'24-Jun'25

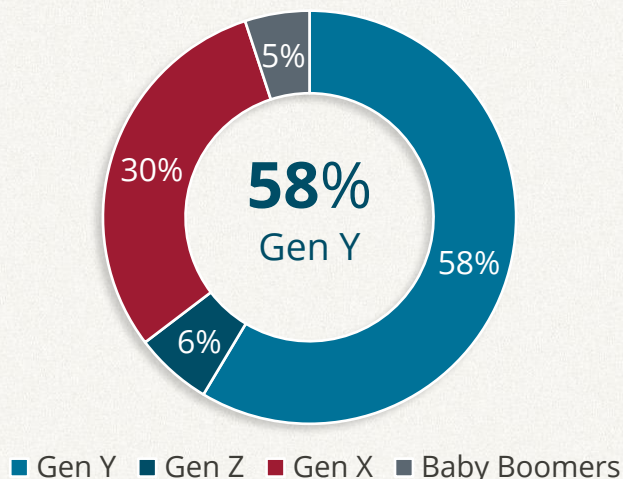
Emerging Micro-Ventures

Gold Loans and Agri Business credit drive high average ticket sizes as Gen Y and Semi-Urban markets power accelerating growth

YoY Growth on Origination Value



Age Segment



Average Loan Disbursal

₹2,95,300

BL - Agri:
₹1,80,000

BL - Unsecured:
₹16,080

Gold Loan:
₹2,55,000

Personal Loan:
₹15,000

BL -small business:
₹50,000

Regional Market Share



Urban
25%

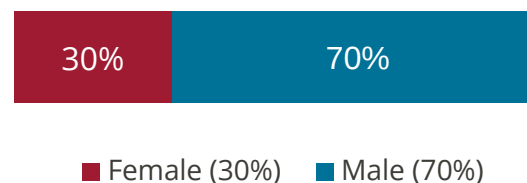


Semi Urban
44%



Rural
31%

Gender Mix



The GIST

Gen Y represent the core borrower segment alongside a Gen X presence with portfolio demand predominantly centered in semi-urban and rural markets.

High-value asset and enterprise financing Gold Loans and BL - Agri anchor the large overall average loan disbursal of ₹2,95,300,

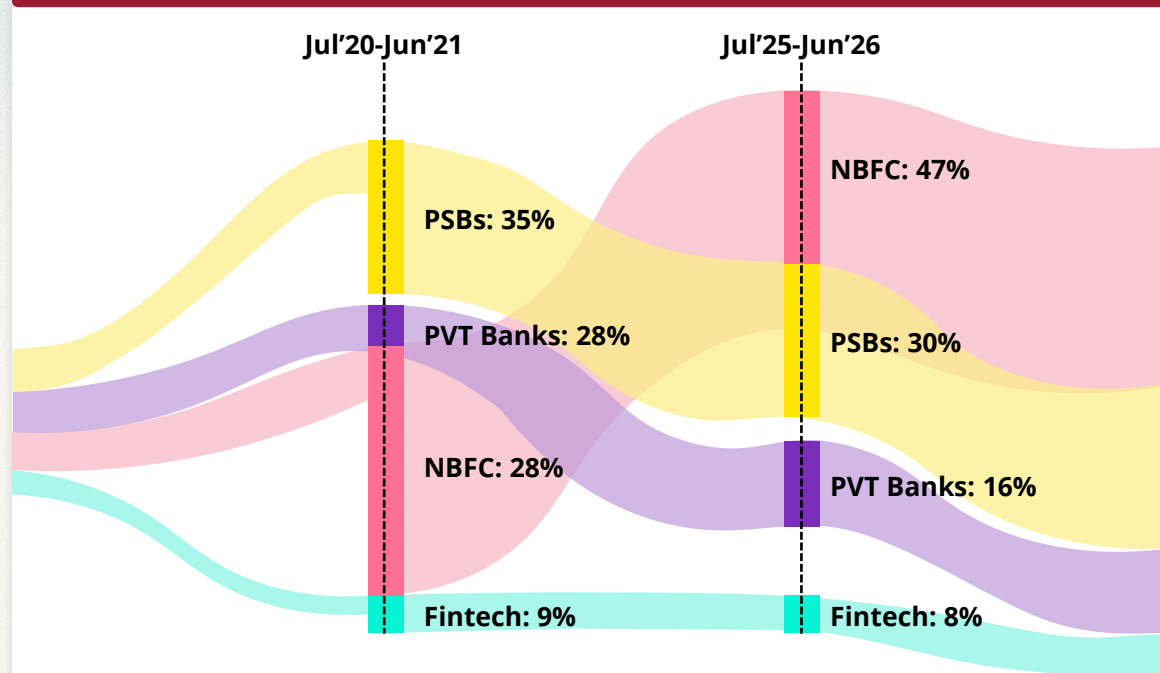
Based on sample sourcing data for Jul'25-Jun'26

Emerging Micro-Ventures

Fintechs and PSBs Dominate First-Product Onboarding While NBFCs Capture Overall Market Share Leadership

Lender Share Evolution

5-Year Market Shift



1st Lender vs 1st Product Matrix Penetration %

1st Lender	BL-Agri	BL-Small Business	BL-Unsecured	Gold Loan	Personal Loan
PVT Banks	4.4%	22.8%	40.9%	14.4%	11.5%
PSBs	59.0%	15.3%	0.5%	47.5%	16.2%
NBFC	1.7%	12.5%	21.2%	17.5%	29.1%
Fintech	34.9%	49.5%	37.4%	20.6%	43.3%

The GIST

Public Sector Banks retain entry-level trust for core agricultural and asset financing, whereas Fintechs serve as the gateway for onboarding across unsecured business loans.

Based on sample sourcing data for Jul'25-Jun'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Emerging Micro-Ventures

Small Business Credit Lines Act as Gateway Entry Points



THE GIST — KEY STRATEGIC INSIGHTS

1. Working Capital Gateway

Priority sector and unsecured business loans serve as primary entry points for small business owners seeking initial working capital.

2. Dual-Track Credit Progression

As borrowers transition to a 2nd product, they funnel heavily into Personal Loans, Gold Loans, and Business Loan - Unsecured, signaling an increased requirement for cash flow management.

3. Long-Term Business Scaling

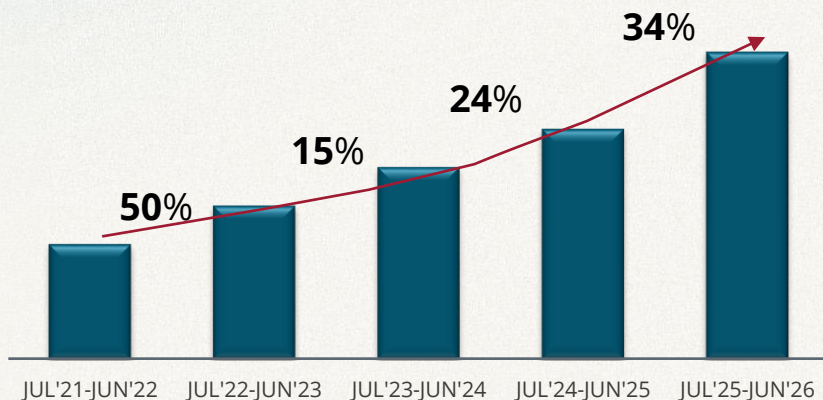
Gold Loans and Business Loan - Unsecured recur consistently across entry, 2nd, and 3rd stages, underscoring repeat usage and high customer retention

Based on sample sourcing data for Jul'24-Jun'25

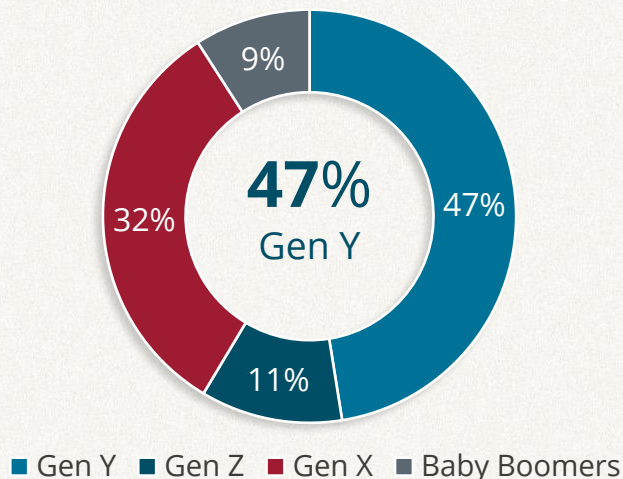
Rural Bharat Aspirants

Agri and Gold Credit Drive High Average Ticket Sizes in Rural Bharat Aspirants, Backed by Accelerating Origination Growth

YoY Growth on Origination Value



Age Segment



Average Loan Disbursal

₹1,70,000

Agri Loans:
₹5,40,000

Consumer Loan:
₹17,840

Gold Loan:
₹1,50,000

Two-Wheeler:
₹92,000

Personal Loan:
₹10,000

Regional Market Share



Urban
5%

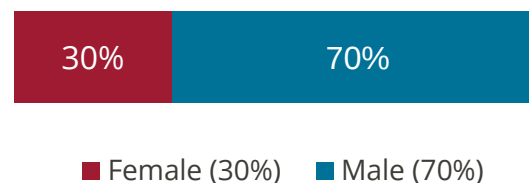


Semi Urban
32%



Rural
63%

Gender Mix



The GIST

For the Rural Bharat Aspirants cohort, the portfolio is anchored in Rural regions and a minimal Urban footprint.

Rising secured credit products like agriculture and gold loans are driving higher loan values, supported by strong and continuous year-over-year growth in origination.

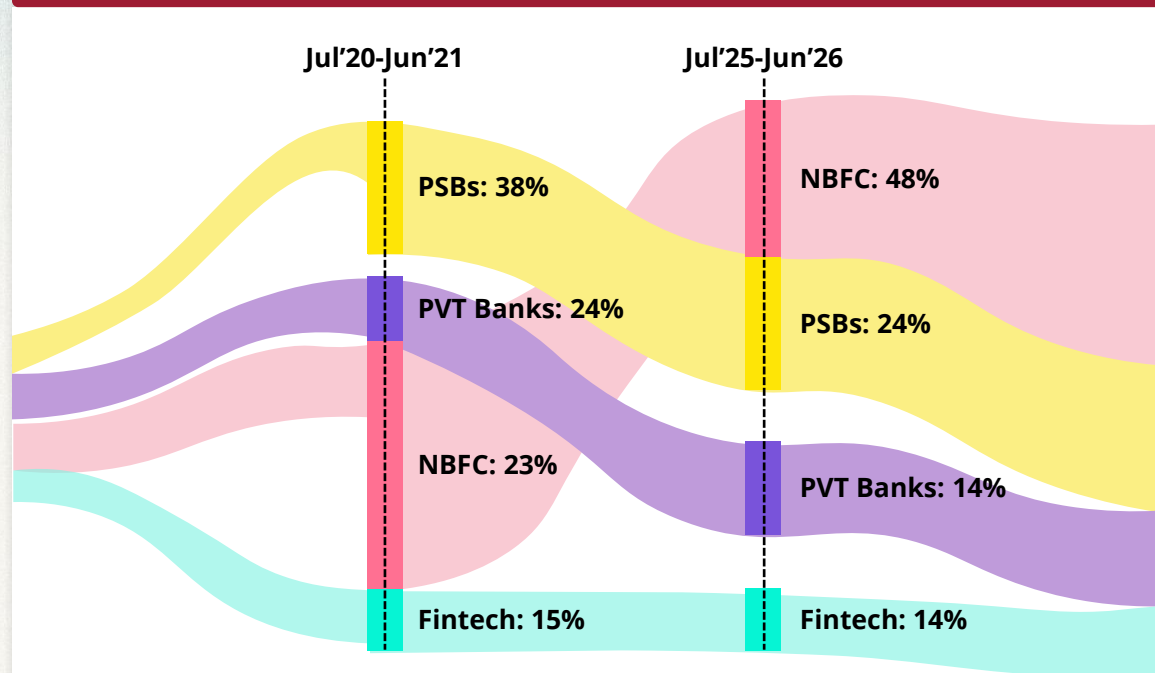
Based on sample sourcing data for Jul'25-Jun'26

Rural Bharat Aspirants

Fintechs and NBFCs Drive Onboarding Across Rural Bharat Aspirants

Lender Share Evolution

5-Year Market Shift



1st Lender vs 1st Product Matrix Penetration %

1st Lender	Agri Loan	Consumer Loans	Gold Loan	Personal Loan	Two-Wheeler
PVT Banks	19.9%	0.9%	7.1%	1.0%	4.9%
PSBs	24.1%	0.1%	39.2%	2.3%	0.7%
NBFC	16.3%	18.6%	22.7%	20.9%	60.5%
Fintech	39.7%	80.4%	31.0%	75.8%	33.9%

The GIST

Public Sector Banks maintain relevant entry-level trust primarily through Gold Loans and Agri Loans, but negligible presence in consumer digital credit.

Over the 5-year period, NBFCs doubled more than other lenders, capturing ground from traditional institutions like PSBs

Based on sample sourcing data for Jul'25-Jun'26 | Fintech : Fintech + Fintech enabled, NBFC : NBFC + HFC, PSU : PSU + Co ops, PVT : PVT + SFB (small Finance Bank)

Rural Bharat Aspirants

Farmers enter with Agri/Gold loans for crops, and graduate into business loans to fund commercial expansion



THE GIST — KEY STRATEGIC INSIGHTS

1. Agriculture & Personal Gateways

Agri and Personal loans serve as major initial credit entry points, establishing early repayment tracks for rural and semi-urban borrowers.

2. Consolidation via Gold Collateral

Transition into Gold Loans at Stage 2 reflects seasonal liquidity buffering and collateralized borrowing to secure higher loan values.

3. Enterprise & Capital Maturation

By Stage 3, borrowers progress towards Unsecured Business Loans and Commercial Capital, marking transition into micro-entrepreneurship.



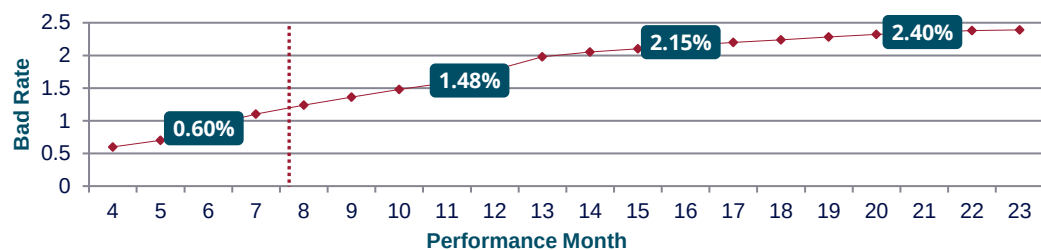
Credit Performance across Behavioral Personas

A comprehensive evaluation of **payment reliability, repayment behaviors, and risk escalation patterns across distinct borrower groups.**

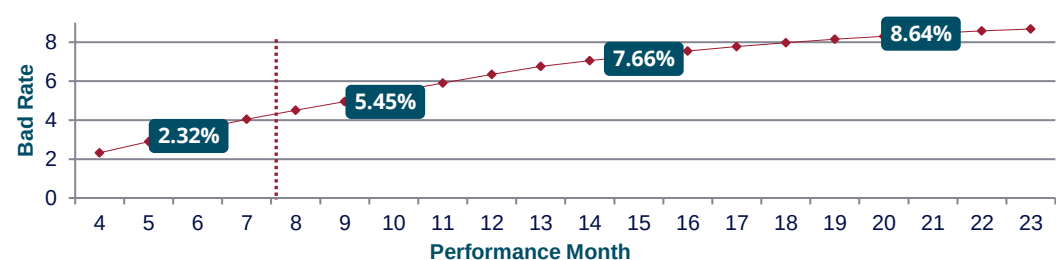


Most borrowers pay back their loans reliably, but rural borrowers have to deal with income volatility considering dependence on erratic crop yields

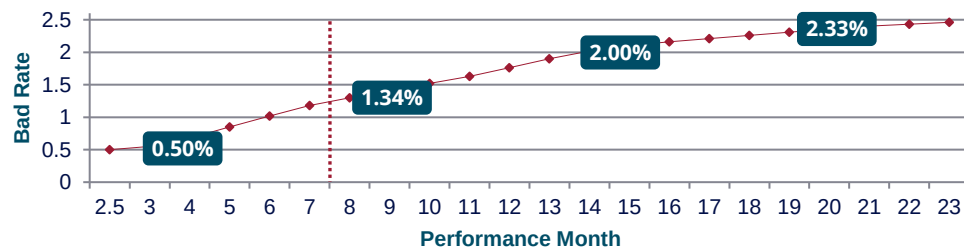
Street Vendors



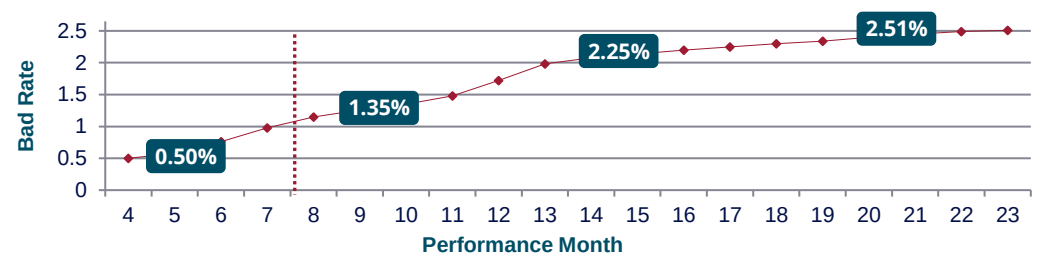
Rural Bharat Aspirants



Lifestyle Seeker



Micro-ventures Enterprises



The GIST

Month 8 is the critical milestone for all borrower types. Up until this point, default risk grows quickly, but after month 8, the rate of new defaults slows down and the overall portfolio stabilizes.

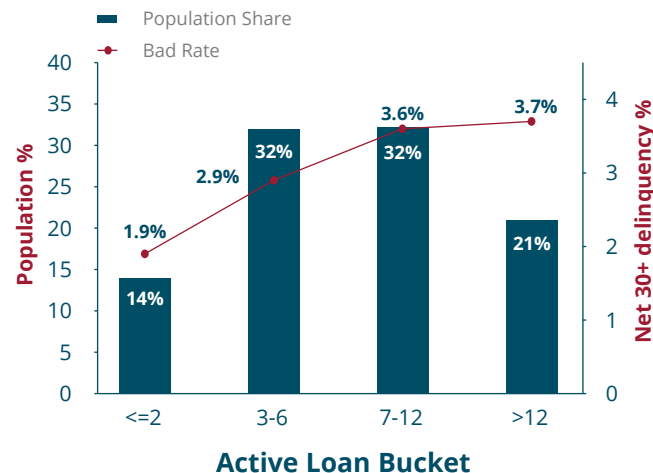
Rural Bharat Aspirants show a significantly higher default rate compared to all other groups. Because farming income comes in infrequent lump sums once or twice a year, these borrowers struggle with cash flow during non-harvest months, leading to higher temporary and structural defaults.

The Loan Stacking Risk Spurt

Higher levels of active-loan stacking are associated with materially higher delinquency rates

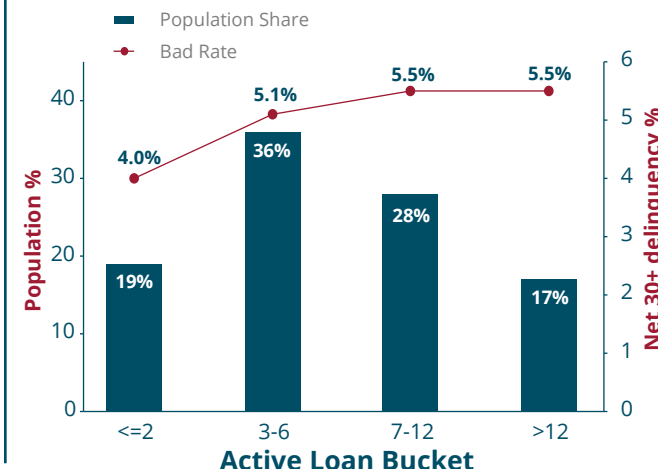
Street Vendors

Approximately 32% juggle 3-6 loans to meet immediate liquidity needs, causing early default rates to jump sharply from 2.9% to 3.6% before they even reach high leverage.



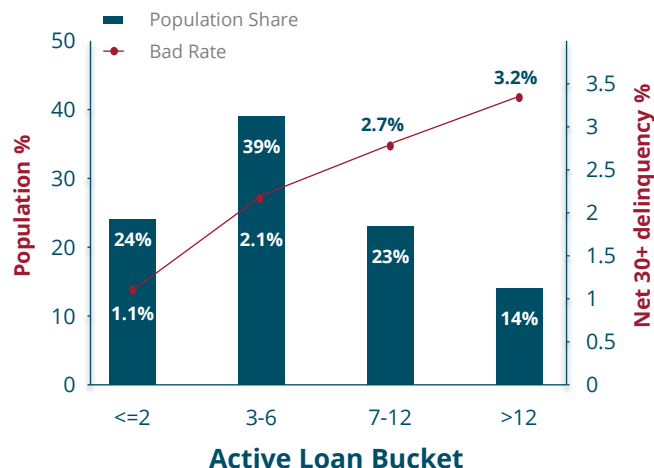
Rural Bharat Aspirants

Driven by expanding semi-urban ambitions, 28% of this population is present in the 7-12 loan bucket, aggressively leveraging credit to fund assets and life milestones.



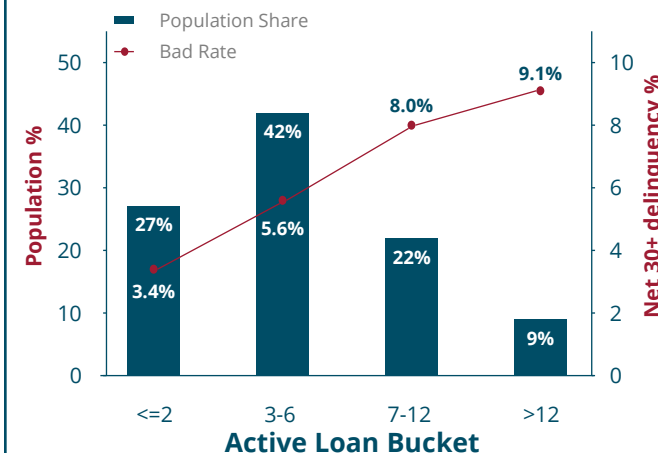
Lifestyle Seekers

Nearly 40% use 3-6 loans to finance consumer upgrades, yet they boast the strongest baseline financial health with a remarkably low starting default rate of just 1.1%.



Micro-ventures Enterprises

To bridge daily operational gaps, 42% of these businesses cluster heavily in the 3-6 active loan bucket, relying on a delicate web of short-term debt just to survive.





Loan Offer Optimization: Towards Pareto Optimality

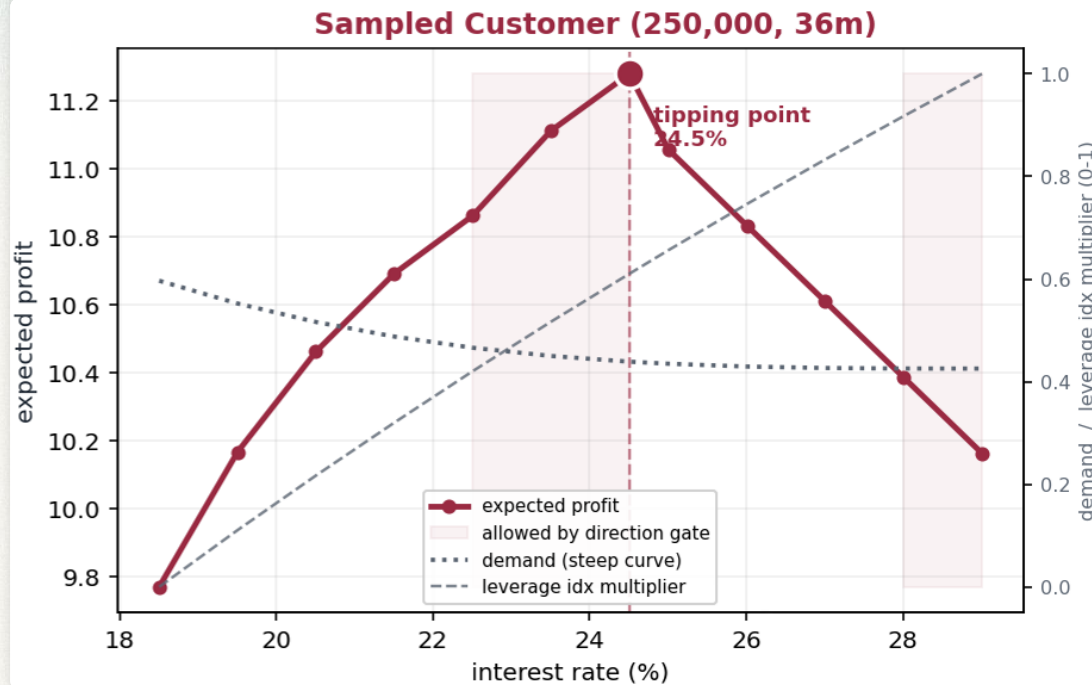


Optimal pricing for aspirational borrowers – Parameters that maximize expected profit

The Industry implements risk-based pricing on the aspirational class – however, factoring in the customer's price elasticity and its effects on expected profits is missed. The business potential from the aspirational customer can be enhanced greatly with a more dynamic pricing framework

$$\text{Expected Profit} = \text{Interest Revenue} - \text{ECL} - \text{Cost of Funds} - \text{Other costs}^*$$

Given the same tenure and limit, a higher rate lifts the EMI — so revenue rises. Two forces push the other way.



AS RATES INCREASE, TWO FORCES SET THE BALANCE



Revenue rises

higher EMI, more interest earned



Demand falls

price elasticity thins out take-up



Leverage rises

borrower over-levered → adverse selection

At the tipping point, the two downward forces outpace rising revenue — expected profit peaks, then falls.

Grounded in economic theory : Stiglitz & Weiss (1981) show a bank's expected return is non-monotonic in the interest rate, peaking at a bank-optimal r^* beyond which adverse selection erodes profit — The framework is conceptually consistent with the Stiglitz-Weiss result that lender returns can become non-monotonic as interest rates rise.

*Other Costs : operating cost, acquisition cost, collection cost

Loan sanction amount can be optimized through better assessment of the borrower's level of debt



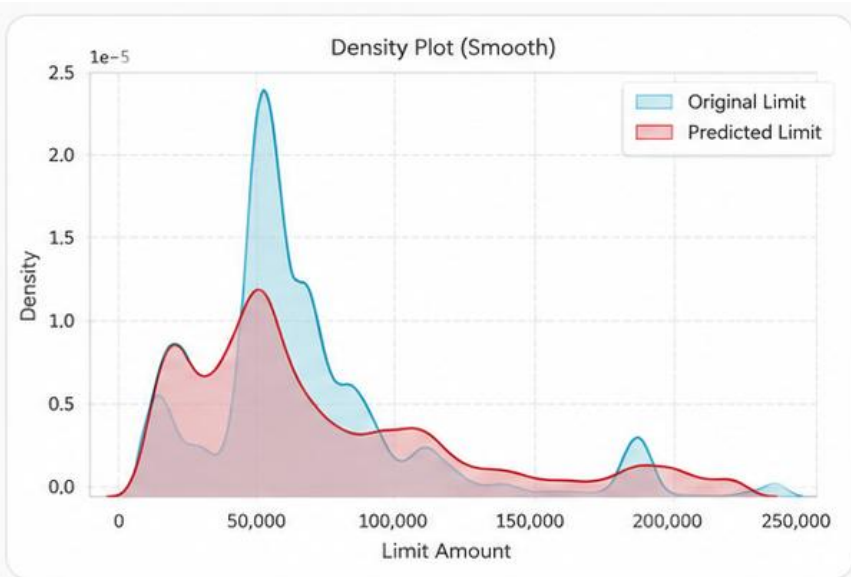
Algorithmic Design: The upward skew comes from the optimally maximum limits that can be offered to consumers - on an overall portfolio level, it is possible to increase book value while keeping risk and costs in control.



Density Distribution (Smooth)

Portfolio Alignment: The overall distributions of Original and Recommended Limits are largely similar, showing strong alignment.

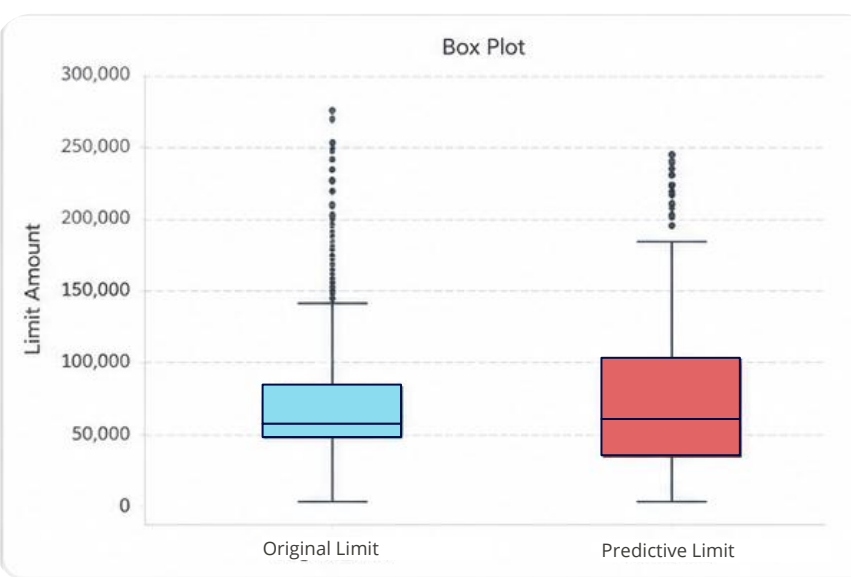
Higher Limits: The Recommended Limits extend further, capturing a broader range of high-value limits.



Box Plot Analysis

Aligned Baselines: Both Original and Recommended Limits share a similar central tendency.

Increased Variance: Recommended limits show a wider spread, specifically capturing a greater volume of high-value limits.

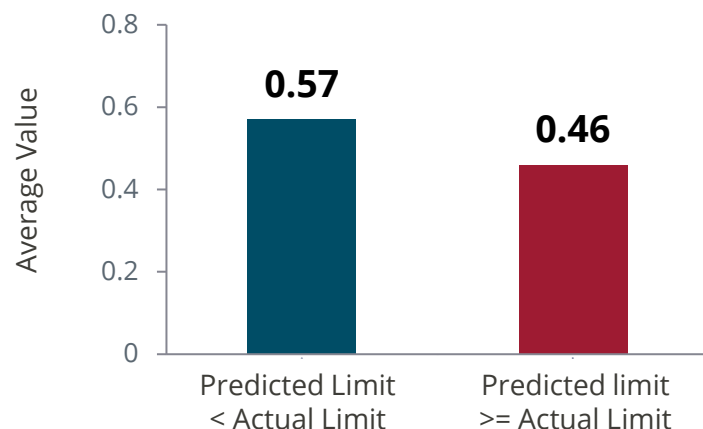


Characteristics of Aspirational Borrower Segments

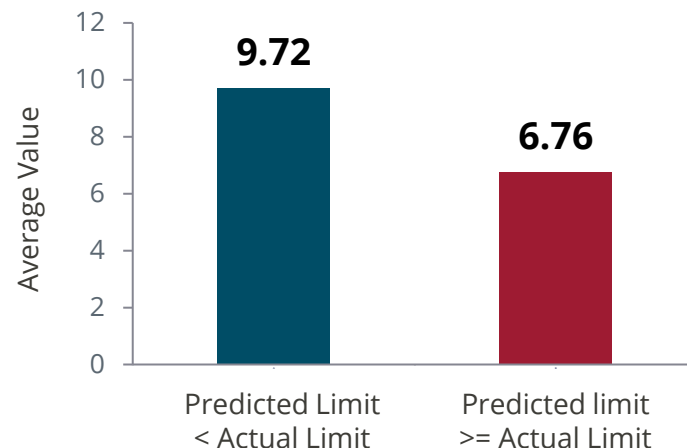
Recommended vs. Actual Limits across key portfolio attributes – Appropriate Limit Assignment presents an opportunity to find an optimal balance between containing Risk and Maximizing Profit



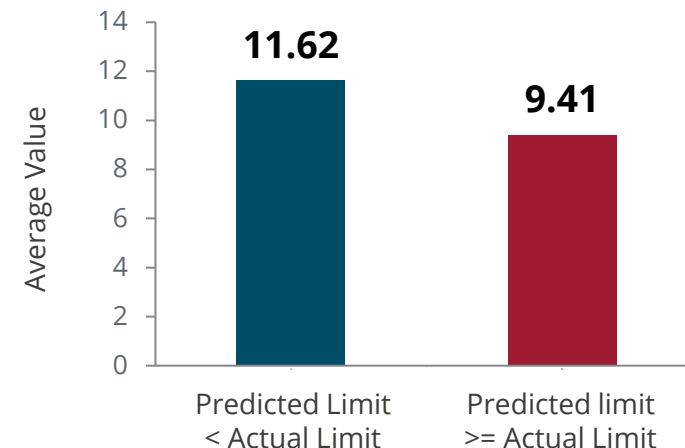
Leverage IDX



PL/STPL 6M Loan Count



Num Unique Lenders 24M



The GIST

There are significant opportunities for both reducing and increasing limits for certain classes of PL consumers - this decisioning is enabled through limit recommendation frameworks that rely on attributes such as **leverage index** and other traditional attributes. We see that when leverage index is high (height of bar on left most graph) - the recommendation is to lower limits.





Aspirational India Consumer Report

Credit Ecosystem

Enabling Aspirational Indian Consumer

Scaling the Digital Credit Ecosystem
for Aspirational Growth

// Credit Ecosystem

Aspirational India Consumer Report

Historically, this segment experienced systemic credit exclusion under a traditional banking framework that relied heavily on physical documentation, branch visits, and hard collateral. To bridge this gap, India's financial landscape has evolved through innovative lending models each delivering a tailored balance of speed, accessibility, and operational touchpoints.

Propelling this expansion is a convergence of next-generation technologies and advanced decision intelligence, which together create a highly predictive and inclusive lending environment. To reinforce this foundation, the industry must seize strategic opportunities for sustainable scaling.



Current Ecosystem Landscape



Innovations in the ecosystem supporting Aspirational India

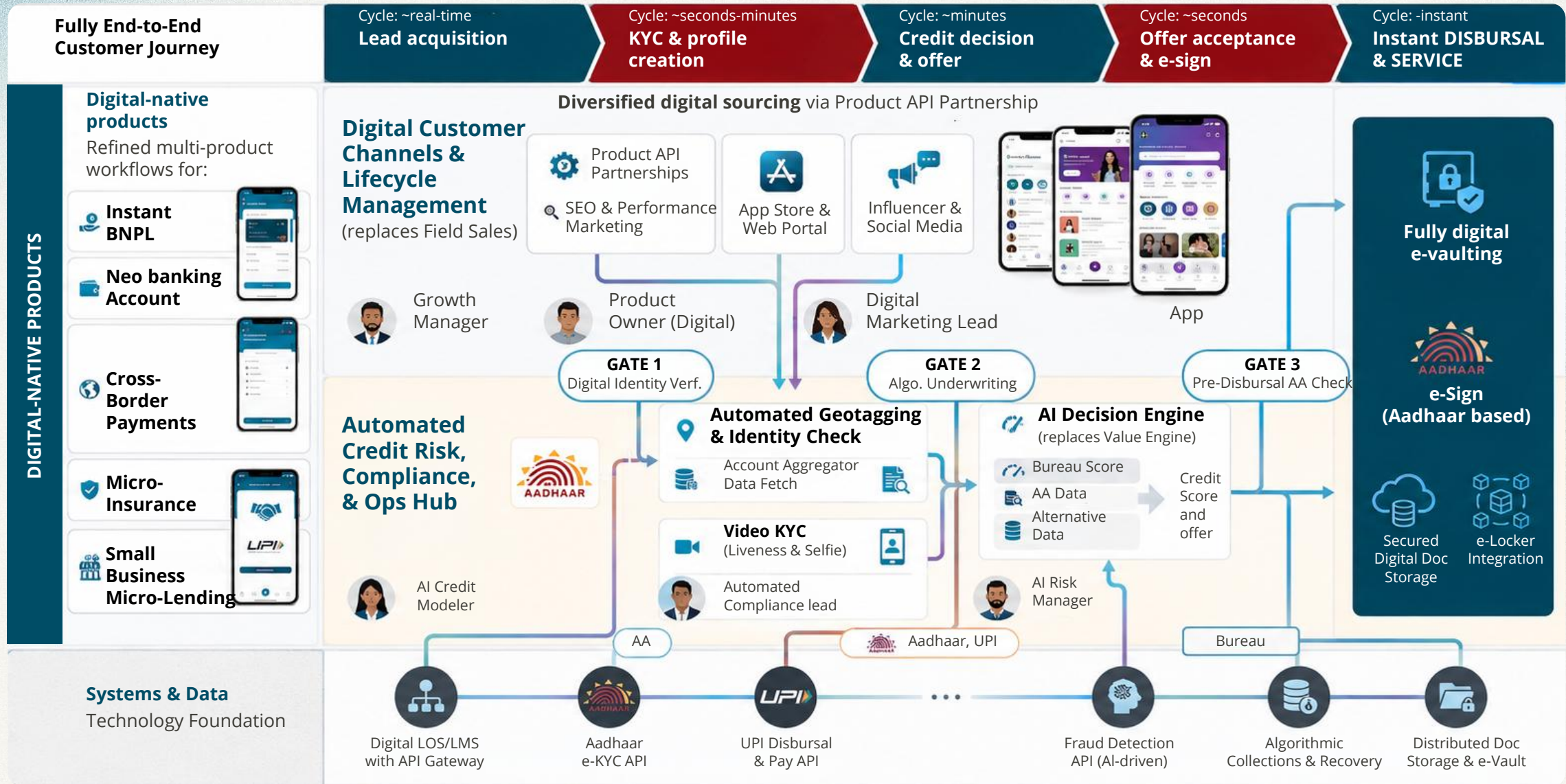


Opportunities to strengthen Credit Ecosystem

Credit Ecosystem : A comparison of various Operating Models

 Lifecycle timelines	 Traditional lending (Brick & mortar) Human/physical	 Hybrid lending (Phygital) Agent/tablet	 Digital lending (Fintech/online) AI/algorithms
 Discovery & application	Manual Entry & Physical Visits Requires interaction with bank branches or Direct Sales Agents, taking 1 to 3 days to process manual forms.	Phygital Initiation A same day process where applications are initiated digitally but may involve local agents using tablets for completion.	100% Online & Embedded Finance Completed via mobile applications or embedded platforms in under 10 minutes.
 KYC & documentation	Wet Signatures & Paperwork Requires physical submission of identity and address proofs, typically spanning 2 to 6 days.	Assisted Biometric Verification Local agents capture digital data via handheld devices for instant processing.	Instant e-KYC Utilizes Video KYC and digital document uploads for a completely paperless, instant experience.
 Credit assessment & underwriting	Manual Credit Review Heavily reliant on Bureau scores and physical asset verification, requiring 2 to 7 working days.	Mixed Assessment Logic Combines AI-driven backend checks with localized agent assessments to judge intent and unrecorded cash flows.	Ai-Native Underwriting Real-time analysis of thin-file data, utility payments, and Account Aggregator metadata via rule engines.
 Sanction & disbursal	Manual Sanction & RTGS Involves physical letter issuance and NEFT/cheque clearance, taking 2 to 5 working days.	Digital Approval, Physical Access Funds are authorized digitally but can be disbursed via localized cash-out points like AEPS within 24 to 48 hours.	5-Minute Sprint Disbursal Algorithm-based automated sanctions using Direct-to-Bank (D2B) rails like IMPS or UPI.
 Repayment & servicing	Post-Dated Cheques (PDCs) Requires physical branch visits for deposits or manual processing of PDCs on a monthly basis.	Field Agent Digitization Repayments are collected by field agents via micro-ATMs and digitized on the spot, offering flexible cycles.	Frictionless Auto-Pay Relies on e-NACH and UPI auto-pay with automated monthly cycles and chat-based support.
Generational Preference	Baby Boomers & Generation X	Generation Y	Generation Z

Operating Model: Fintech

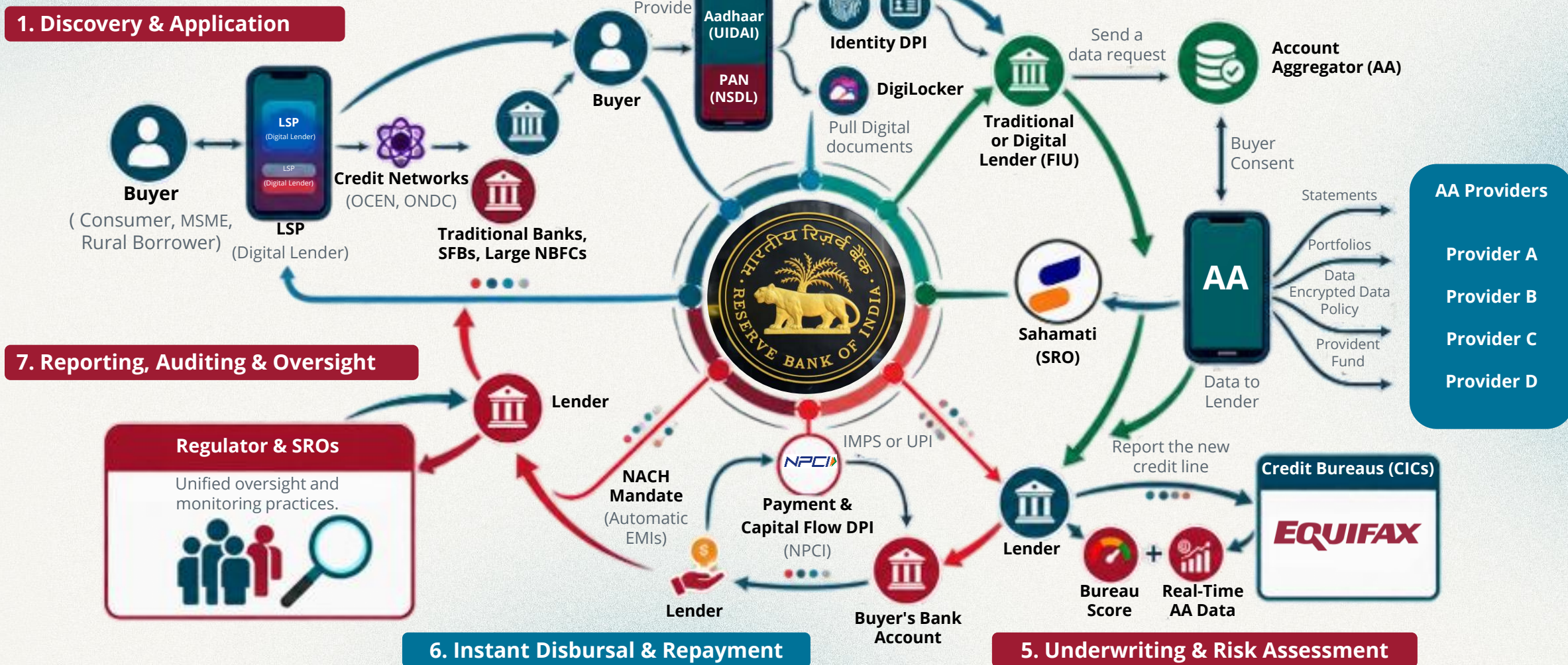


Current Ecosystem : Driving Aspirational Credit

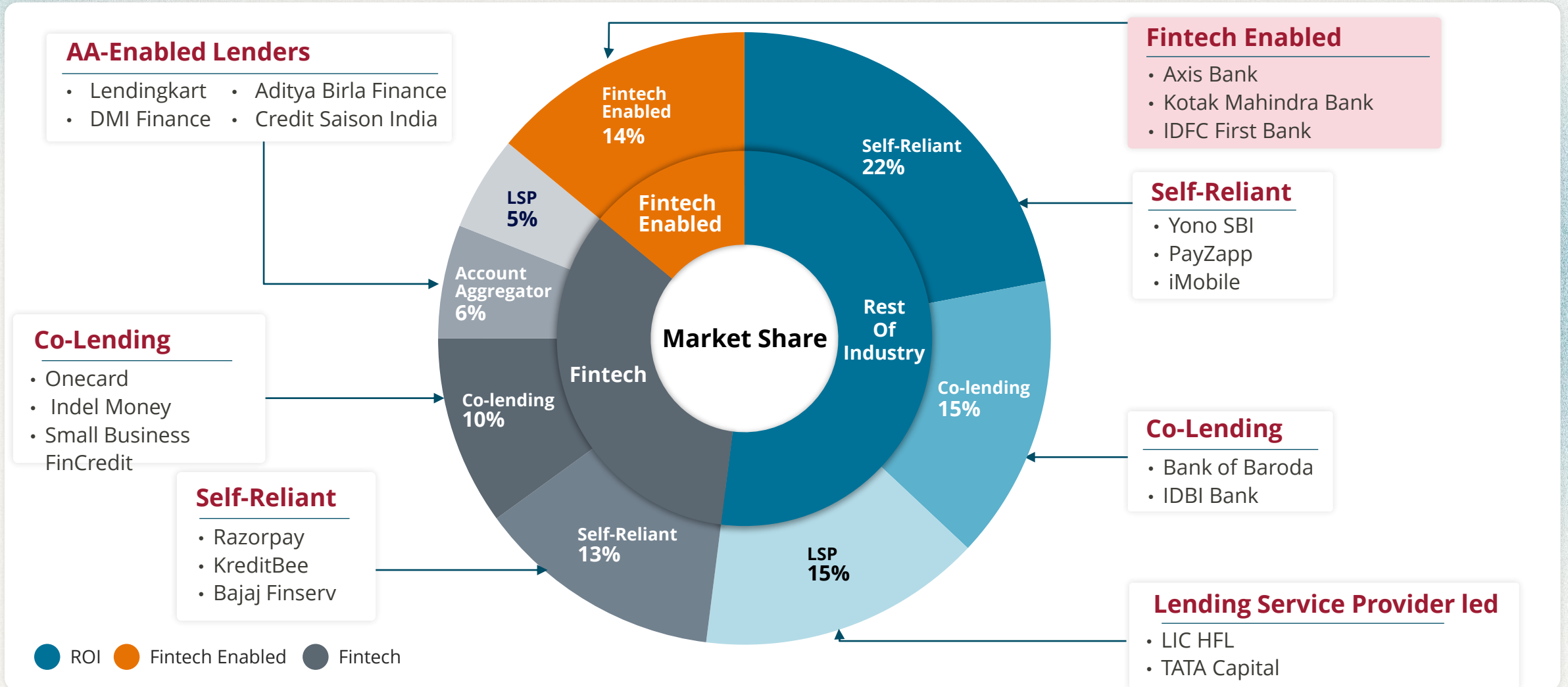
2. Instant Identity Verification (KYC)

3. Data request (ReBIT Standards)

1. Discovery & Application



Lender market share across different operating models

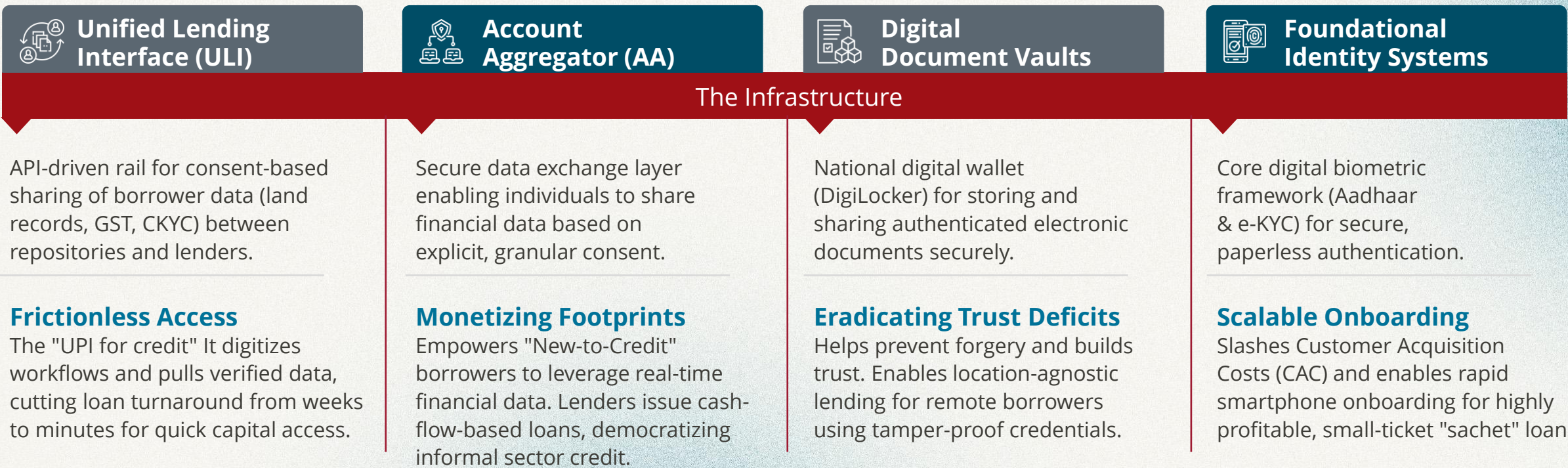


As per secondary market research corresponding to originations of AMJ'26

The Backbone of Digital Lending: Key Data Infrastructure

For decades, Aspirational India Consumer was penalized by legacy underwriting models that demanded physical collateral and established credit histories, and millions were left unbanked. Today, India's Digital Public Infrastructure (DPI) is completely dismantling these legacy barriers. By seamlessly stacking interconnected digital public goods, this ecosystem fundamentally alters the unit economics of lending. At its core, the Unified Lending Interface (ULI) acts as an emerging digital superhighway, pulling verified tax and land records to shrink loan turnaround times from weeks to minutes. Complementing this, the Account Aggregator (AA) network empowers "New-to-Credit" borrowers to securely share real-time transaction data.

Finally, India's foundational biometric identity and e-KYC infrastructure slashes customer acquisition costs to near zero, enabling rapid, presence-less onboarding. Together, this integrated DPI stack synthesizes identity, financial data, and seamless origination to replace systemic skepticism with digital trust, unlocking unprecedented financial mobility at scale.



Vertical Data Integration & Enrichment

Vertical data integration represents a paradigm shift in the Indian retail credit ecosystem, transforming credit underwriting from static, historical models to real-time, contextual financial products by plugging directly into deep vertical workflows.



The Core Pillars of Vertical Integration

Deep protocol & API ingestion
Lenders integrate directly with domain-specific platforms like ERP suites, POS systems, fleet telemetry, and agricultural management tools.

Domain-specific risk scoring
Proprietary algorithms evaluate creditworthiness based on sector mechanics, such as a merchant's inventory turnover velocity rather than just a credit score.

Embedded credit delivery
Credit is originated natively within the vertical workflow, such as offering automated supplier invoice financing during a merchant's checkout process.



Vertical Data Enrichment Matrix

Sector / Vertical	Ingested Vertical Data Points	Digital Rail / Repository	Credit Product & Outcome
 Consumer & small merchants	POS logs, QR collection velocity, stock refill frequency	ULI / Account Aggregator / B2B APIs	Daily revolving working capital: Credit lines adjusting based on weekly inventory and QR throughput.
 Agriculture	Satellite imagery, weather patterns, market prices, soil quality	ULI (State Land Repositories) / Agritech	Crop-cycle finance: Securitized loans aligned with sowing/harvest seasons instead of fixed EMIs.
 Logistics & mobility	Daily trip rates, service ratings, GPS/telemetry, route efficiency	Transport Aggregator APIs / National Toll Data	Fleet & fuel credit: Micro-loans for daily fuel/maintenance repaid via automatic split-settlement.
 Healthcare & pharma	Pharmacy purchase orders, distributor billings, bed occupancy	Health Management Systems / Document Repositories	Pharma inventory financing: Trade credit for pharmacies to procure high-demand medicine stocks.



Strategic Impact On Consumer Credit

Precision Risk Pricing
Live operational indicators allow lenders to differentiate between high and low-performing operators within the same industry in real-time.

Reduced Acq. Overhead
Native distribution within existing workflows helps reduce the need for expensive direct marketing or manual field sales teams.

Auto Closed-loop Collections
Repayments are tied to vertical receivables, such as deducting percentages from digital payment settlements, significantly lowering delinquency.

Decision Intelligence: Fueling Aspirational India's Credit Ecosystem

Powered by robust Digital Public Infrastructure (DPI), Indian Consumer lending is fundamentally transforming from backward-looking asset underwriting to real-time, predictive modeling. For "Aspirational India," this shift decouples credit from physical collateral and seamlessly embeds liquidity directly into their daily lives. Intelligence is delivered seamlessly via the Open Credit Enablement Network and UPI-linked credit lines, turning everyday QR scans and B2B platforms into ambient lending touchpoints for hyper-personalized, sachet-sized loans.

Supported by algorithmic co-lending frameworks that drive down borrowing costs and invisible, AI-native fraud risk management that protects vulnerable new users, the modern credit ecosystem provides affordable, secure, and quick financial leverage perfectly calibrated for India's emerging economic class.



Next-Generation Data & Underwriting

AI-Powered Cash-Flow Underwriting

Leveraging AA networks, algorithms analyze live bank transactions and GST filings to evaluate dynamic cash-flow velocity.

Unlocking Capital for Thin-File Business

Small merchants use informal daily transaction history as "bankable collateral" for formal working capital.

Alternative Data & Behavioral Modeling

Builds proxy credit scores by ingesting digital footprints like utility payments, recharges, and e-commerce history.

Financial Identity for "New-to-Credit"

Creates a digital entry point for millions lacking traditional bureau history to access their first formal micro-loans.



Seamless Credit Delivery & Structuring

Hyper-Personalized Micro-Credit

OCEN uses standardized APIs to let digital marketplaces embed custom, "sachet-sized" loans into merchant workflows.

Tailored Financing for Local Cycles

Farmers and street vendors access small-ticket liquidity aligning exactly with specific harvest or inventory cycles.

UPI-Linked Credit Lines

Pre-sanctioned credit limits attached to a UPI handle enable frictionless purchases via standard merchant QR scans.

Normalizing Daily Consumption Finance

Utilizing the ubiquitous UPI interface brings down borrowing stigma, allowing merchants to finance inventory at POS.



Ecosystem Security & Collaborative Capital

Algorithmic Co-Lending Platforms

API middleware executes joint underwriting between traditional banks (capital) and fintechs (agile distribution).

Lowering Structural Cost of Capital

Bridging the gap between low-cost institutional funds and deep-rural distribution passes lower rates to borrowers.

Automated Fraud Risk Management

AI defense systems employ behavioral biometrics to monitor transaction velocity and mitigate synthetic identity fraud.

Protecting Neophyte Digital Borrowers

Invisible FRM shields first-time digital users in Tier 3/4 markets from phishing without creating complex barriers.

Powering the Ecosystem: Innovations in Aspirational India's Lending

For "Aspirational India", technological leaps are eliminating legacy bottlenecks and dramatically accelerating speed-to-capital. Leading this structural evolution is the deployment of Agentic AI, which moves beyond passive automation to independently execute complex, multi-step loan workflows. By autonomously verifying compliance and cross-checking documentation, these AI agents compress loan turnaround times from days to mere seconds.

Simultaneously, "invisible" credit is being natively embedded into B2B marketplaces and trade platforms, empowering unbanked retailers to access flexible working capital directly at the point of checkout. Ultimately, this convergence of autonomous AI workflows and alternative risk assessment conquers the last mile of financial inclusion, bridging the gap between informal trade and institutional capital to turn daily commercial activity into a reliable growth engine.



Pillar 1: Agentic AI (Autonomous Execution)

Mechanism

Beyond Generative AI to Autonomous Agents:

AI agents now execute multi-step loan workflows end-to-end, independently verifying policy compliance and documentation with minimal human intervention.

Hyper-Fast, Low-Touch Processing:

Loan turnaround times compressed from days to seconds, providing quick credit for agricultural capital, health emergencies, or seasonal trade.

Impact On Aspirational India

Eliminating Branch-Level Friction:

Autonomous execution removes human bias and localized processing bottlenecks that historically delayed borrowers in Tier 2-4 towns.



Pillar 2: Invisible Credit & B2B Embedded Finance

Mechanism

Credit-at-Checkout for Businesses:

Credit is natively embedded into B2B marketplaces and trade platforms, enabling supplier settlements and automated inventory financing.

Formalizing Kirana & MSME Supply Chains:

Small retailers in non-metro regions access flexible working capital at the point of purchase, reducing their reliance on local wholesalers.

Regional Outcomes

Lowering Costs, Driving Volume:

Replacing high-interest informal credit lines with formal embedded finance lowers input costs for micro-enterprises and accelerates growth across semi-urban trade routes.



Pillar 3: Digitizing The Informal Credit Market

Mechanism

Converting Digital Footprints into Credit:

Real-time machine learning models analyze device telemetry, utility bill consistency, and mobile recharges to assess risk for unbanked borrowers.

Building Formal Financial Histories:

By scoring alternative data, first-time borrowers can establish a valid credit profile and transition into the formal institutional banking ecosystem.

Economic Impact

An Exit from 'Shadow Money':

These models allow millions of rural borrowers without formal pay slips or tax filings to escape expensive, predatory informal credit loops.

Opportunities to strengthen Credit Ecosystem: Enabling Cross Pollination

To truly unlock structural financial inclusion in Aspirational India's consumer segments, the industry must prioritize the strategic convergence of financial, public, and non-financial data ecosystems into a singular, interoperable credit engine. As a core recommendation, digital highways should be expanded beyond traditional bank statements to allow lenders to ingest alternative behavioral metrics from telecom, logistics, and e-commerce platforms. Fusing these alternative data points with public registries like GSTN, EPFO, and digitized land records would generate 360-degree, real-time borrower profiles. This proposed continuous public-private data fusion would empower institutions to underwrite from thin-file gig workers to informal micro-enterprises with higher conviction.

Achieving this seamless integration requires the active harmonization of multi-regulator taxonomies across the RBI, SEBI, and IRDAI to remove friction and enable hybrid innovations. Ultimately, implementing this cross-pollinated framework would ensure that the interaction of an aspirational borrower builds tangible, formal financial leverage.



01

Interoperable Data Highways

Moving beyond bank statements

Connecting the Account Aggregator (AA) framework with non-financial sectors like logistics, telecom, and e-commerce for richer data.

Behavioral underwriting

Lenders can analyze utility payment consistency and merchant fulfillment speeds to accurately assess "thin-file" and informal borrowers.



02

Public-private Data Fusion

Bridging databases via APIs

Securely connecting public databases (GSTN, EPFO, VAHAN, ULI) directly to private fintech platforms through standardized APIs.

The 360° borrower profile

Creating real-time dashboards that combine tax compliance, employment status, and vehicle assets for a holistic view of financial health.



03

Cross-sector Product Co-creation

Natively embedded credit

Drive cross-sector innovation by partnering non-financial platforms such as agritech, with regulated lenders to natively co-create targeted credit solutions.

Industry-specific integration

Credit transitions from a standalone financial application to a natively embedded feature at the exact moment of operational need



04

Unified Multi-regulator Taxonomies

Harmonized regulatory protocols

Aligning data-sharing and consent definitions across major regulators, including the RBI, SEBI, IRDAI, and PFRDA.

Cross industry financial products

Enabling innovative offerings like insurance-linked loan protection or micro-loans collateralized by pensions and mutual funds.

Opportunities to strengthen Credit Ecosystem: Mitigating Fraud on the Ecosystem

The rapid proliferation of digital lending apps has introduced new vulnerabilities, making digital and financial literacy a critical pillar of systemic stability rather than a mere compliance checkbox. To sustainably scale this ecosystem, the industry must deploy structural and educational guardrails designed to mitigate fraud before it occurs.

Through widespread vernacular education around acts such as Digital Personal Data Protection (DPDP), users can learn to recognize intrusive app permissions, transforming informed consent into the first line of cyber defense. Furthermore, embedding contextual, bite-sized cyber-fraud tutorials directly into the loan onboarding flow protects these aspirational borrowers from prevalent scams. Together, these initiatives ensure that the aggressive push for financial inclusion builds resilient, empowered consumers rather than exposing them to digital exploitation.



Verification & Legitimacy

Centralized "Verified Lender" Repositories

Scaling real-time platforms like the RBI's CIMS registry and SRO-FT portals to provide a single source of truth for legitimate lenders.

Mandatory Digital Verification Badges

Backing registry data with mandatory badges on app store listings to allow borrowers to rapidly verify if an app is tied to a registered bank or NBFC.



Data Privacy & Consent

DPDP Framework Awareness

Conducting nationwide education on the Digital Personal Data Protection (DPDP) framework to define explicit, purpose-limited data sharing.

Identifying Unauthorized Permissions

Training users to recognize and deny invasive requests for personal contact lists, galleries, or call logs that fall outside legitimate lending needs.



Financial Transparency

Standardized Key Fact Statements (KFS)

Mandating a simplified KFS before any agreement is signed to eliminate hidden charges and predatory mis-selling.

Disclosure of True Annual Percentage Rate (APR)

Ensuring clear visibility of the actual APR, processing fees, cooling-off periods, and recovery terms for every loan.



Real-Time Cyber- Fraud Prevention

Contextual Micro-Learning Modules

Integrating bite-sized, vernacular tutorials directly into the app onboarding and fund disbursement workflows.

Prevention at the Point of Entry

Real-time education targets specific risks like upfront "loan processing fee" fraud, OTP sharing, and SMS spoofing during the credit entry process.

// Outlook and Strategic Framework

Aspirational India is driven by digital distribution, consumer leverage, and rapid AI adoption, positioning the credit landscape for unprecedented scale and huge growth.

As borrowers increasingly engage with these new opportunities and platform lenders introduce innovative lending solutions, regulatory frameworks are evolving to foster greater stability and trust, empowering institutional lenders to drive sustainable expansion.



Emerging Trends that Shape Aspirational India Consumption

Asset digitalization

AI led scaling

The rise of platform

Credit on UPI



New Frontiers to expand Credit for Aspirational Indian Consumer

The AI led personalization

Product & Operating model innovations

Enhancing consumer awareness and Regulatory support

Emerging market segment: Blue oceans



Way Forward

Crystal ball: A peek into the future of Aspirational India

A roadmap to sustainable growth

Bringing it all together

// Emerging Trends that Shape Aspirational India Consumption



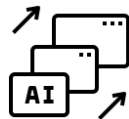
1

**Asset
Digitization**



2

**AI
led Scaling**



3

**Rise of
Platform**



4

**Credit
on UPI**



Asset Digitization

The Four Pillars of Asset Digitization

Revolutionizing Lending through Modern Digital Infrastructure



1. Real estate & land modernization

Unified Lending Interface (ULI)

Accelerates agricultural lending by allowing banks to pull digital Record of Rights (RoR) directly via APIs, eliminating manual checks.

Seamless Integration

Bridges legacy land records with modern credit systems, enabling frictionless and fast property-backed lending.



2. Identity & fraud prevention

Bhu-Aadhaar (ULPIN)

A 14-digit geo-referenced ID using longitude and latitude to establish a single, verifiable source of truth for land boundaries.

Multi-Mortgaging Defense

Nationwide ULPIN adoption helps reduce title disputes and fraud by uniquely identifying every urban and rural land parcel.



3. Tokenization of real-world assets

Asset Tokenization (RWA)

Secure digital ledgers convert equipment, trade invoices, and warehouse receipts into programmatically verifiable digital tokens.

Fractional Micro-Collateral

Allows small businesses to pledge physical inventory quickly for working capital, even for very small loan amounts



4. Centralized digital registries

Real-Time APIs (CERSAI)

Expanded database APIs allow lenders to register or release asset encumbrances in seconds during the loan origination process.

Eliminating Duplicate Financing

Centralized registries ensure a single piece of equipment or vehicle cannot be used as collateral across multiple lenders simultaneously.

AI Led Scaling

AI underwriting accelerates origination velocity while unlocking massive unbanked demographics.



Lender Advantages

Origination Velocity

Traditional loan processing requires manual document audits, salary slip checks, and manual entry, taking anywhere from 3 days to 3 weeks. Compresses underwriting timelines from **weeks to minutes**.

Cuts cost-to-originate without adding headcount.

Underwriting Precision

Replaces static bureau scores with dynamic alternative data telemetry.

Accurately predicts default probability while safely expanding loan volumes.

Fraud Response

AI continuously learns behavioral baselines in real time.

It spots micro-anomalies instantly before money leaves the bank.

It reduces false-positive alerts significantly and cuts fraud detection response times



Borrower Advantages

Bypassing Traditional Barriers

Replaces thin-file rejections with multi-dimensional behavioral scoring.

Converts traditional drop-off rates into automated approvals.

Dynamic Advice & Personalization

Traditional banks push standardized, high-fee product regardless of the borrower's exact situation. AI unlocks global annual value through **hyper-personalized** financial management.

Delivers dynamic credit lines and low-fee financial mobility tools.

Eliminating Bias

Standardized algorithmic checks eliminate subjective human and regional underwriting bias.

Delivers an equitable, dignified, and transparent onboarding experience for informal workers, rural applicants, and small business owners across India.

Sources: Equifax — Consumer Credit Insights & NTC Growth | BCG Press Release Nov 2025| Resolve Blog Mar2026| Neontri — AI Fraud Detection in Banking.

The Rise of Platforms: Embedded Credit in India

How non-finance platforms, bank-fintech co-existence, and open public rails are democratizing credit across Aspirational India.



Embedded Non-Finance Rails

Platform Emergence

Non-Financial Touchpoints: E-commerce (Amazon, Flipkart), mobility (Ola, Uber), and Kirana apps (Khatabook, Vyapar) embed credit directly at point of intent.

Data Advantage

Uses everyday transactional data (merchant sales velocity, inventory orders) to evaluate risk without requiring collateral.

Impact On Aspirational India

Delivers micro-credit to Tier 2/3/4 towns where traditional physical bank branches are absent.



Bank & Platform Co-Existence

Collaborative Synergy

LSP + Lender Model: Non-finance platforms act as Loan Service Providers (LSPs) for UX, while Banks/NBFCs supply balance-sheet capital & regulatory oversight.

Economic Efficiency

Lowers Customer Acquisition Costs (CAC) for banks while giving fintech platforms monetization scale.

Inclusive Impact

Combines banking trust with platform agility to extend formal loan offers to subprime and credit-invisible borrowers.



Open Infrastructure Catalyst

Protocol Standardization

OCEN 4.0 & Sahamati AA: Open API protocols standardize loan origination and consent-based financial data sharing across any digital app.

Frictionless Process

Compresses loan origination turnaround time (TAT) from days down to under few minutes using standardized data feeds.

Closing Msme Deficit

Enables short-tenor, cash-flow-based working capital loans to bridge India's ₹20-25 Trillion MSME credit gap*.



Aspirational India Impact

Democratizing Access

Bypassing Pawn Shops: Replaces informal local moneylenders charging 24% interest with transparent, regulated digital institutional credit.

NTC Onboarding Engine

Acts as the primary gateway into formal credit for small merchants, rural artisans, and young Tier 3/4 earners.

Progressive Growth

Small daily platform micro-loans create a verified credit history, graduating users to major life-event loans.

Credit on UPI

Embedding Credit at Checkout

Point-of-Intent Access

Moves borrowing from offline bank branches to the exact moment of payment intent. Customers access pre-approved credit lines directly at any merchant QR code.

Conquering "Credit-Invisibility"

Acts as the primary gateway into formal finance for small vendors and New-To-Credit (NTC) individuals who lack traditional bureau scores.

Frictionless Daily Integration

Links bank-issued credit lines directly to existing UPI applications (Google Pay, BHIM, PhonePe) authenticated via secure UPI PINs.

Advantages & Lifecycle Impact

Retain Relationships

Discourages high-intent borrowers from migrating to external BNPL apps or high-interest fintechs.

Ecosystem Synergy

Integrates with TSPs and AA frameworks for dynamic, continuous portfolio risk monitoring.

Low-Ticket Entry

Starts borrowers with small micro-credit lines, avoiding over-indebtedness while building history.

Progressive Scaling

Elevates credit limits as repayment discipline and velocity patterns prove reliable.

Mainstream Conversion

Seamlessly converts NTC users into prime candidates for credit cards and home loans.

Header style



Seamless App Linking

Banks auto-discover registered customer credit lines on mobile apps, allowing instant linkage, real-time limit tracking, and single-click payment execution.



Behavioral Risk Engines

Assesses credit risk using granular payment data: decline frequency due to insufficient funds, merchant risk categories, and cash flow cadence.



Automated Recovery Rails

Leverages built-in UPI AutoPay e-mandates on the exact same infrastructure, automating repayments to keep default rates and recovery costs low.

Global benchmarks (such as Brazil's Pix Credit and China's Alipay Huabei) demonstrate that attaching quick micro-loans to everyday QR-code payment rails accelerates financial inclusion; by scaling Credit on UPI, India can possibly convert over 200 million "credit-invisible" citizens into bankable customers.

New Frontiers to expand Credit for Aspirational Indian Consumer



1

**AI led
Personalization**

2

**Product &
Operating
model
Innovation**

3

**Enhancing
Consumer
Awareness
& Regulatory
support**

4

**Emerging
Market
segments:
Blue Oceans**

AI-led Personalization

Dynamic Risk Pricing

Live Interest Adjustments

Behavioral Interest Rates:

Moves away from static interest rate slabs. Borrowers who consistently demonstrate healthy account activity and punctuality automatically unlock lower rates over time.



Tailored Product Suggestions

Next-Best-Credit Recommendation:

Analyzes spending patterns to suggest the optimal loan product (e.g., micro-credit line for daily inventory vs. BNPL for Consumer purchases vs. working capital).



Transforming standard
"one-size-fits-all"
lending into tailored, real-time financial
solutions driven by predictive analytics.

Contextual Reminders

On-Time Lift

Behavioral Nudges: AI optimizes reminder timing, channel (WhatsApp, SMS, App), and language based on when a customer typically receives income, delivering gentle automated prompts.



Predictive Early Nudges

30–60 Day Pre-Default Warning

Proactive Stress Restructuring:

Detects early signs of financial distress (e.g., sudden income drop or rising utility bills) 30–60 days before a missed EMI, automatically suggesting micro-tenure adjustments.

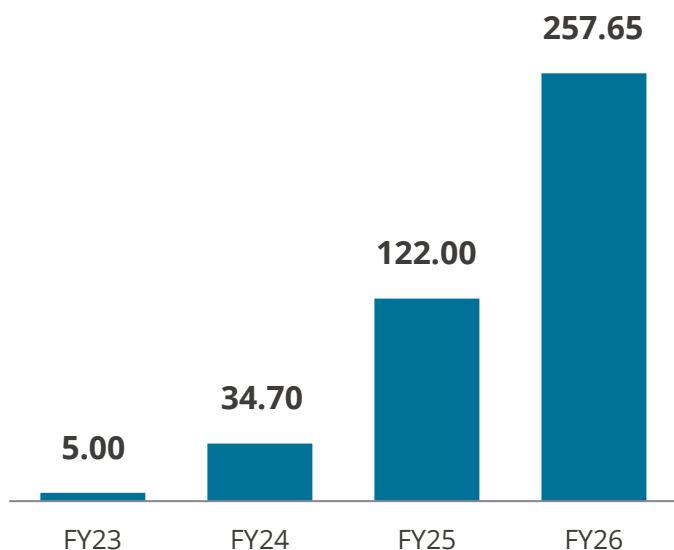


Driving Lending Growth Through Account Aggregator Adoption

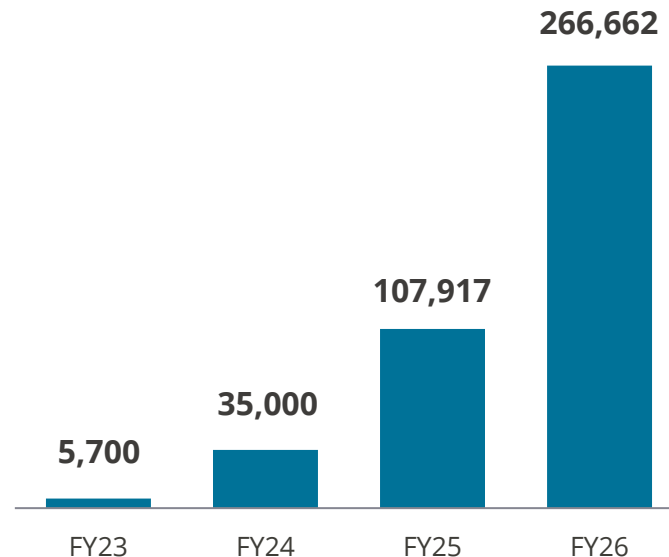
The adoption of NBFC-Account Aggregators (AAs) is rapidly accelerating within the secured lending sector. Financial institutions are increasingly leveraging AA data to underwrite high-value secured assets, particularly Home Loans and Loans Against Property (LAP). Within this broader AA-enabled lending ecosystem, home loans and LAP alone accounted for 1.09 lakh loans worth ₹20,777 crore in FY26. With traditional banking institutions driving 47% of this AA-enabled volume, established market players are signaling strong trust and rapid integration.



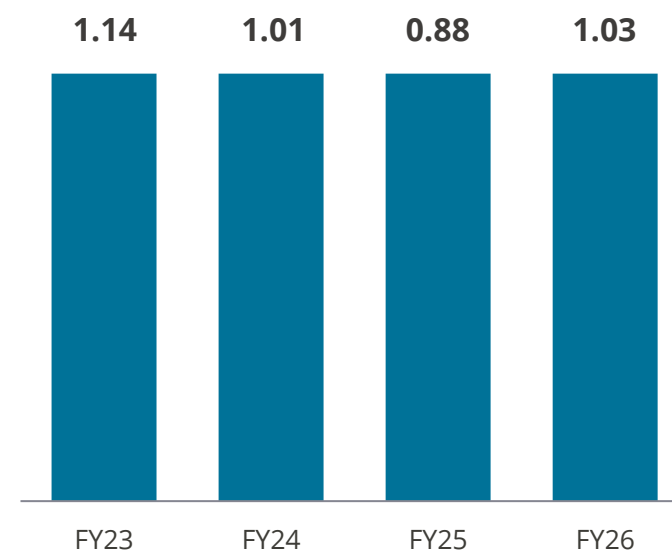
**Yearly Trend in Lending
(Volume in ₹ Lakh)**



**Yearly Trend in Lending
(Value in ₹ Cr)**



**Yearly Trend in Lending
(Avg Ticket Size in ₹ lakh)**



Sources : Sahamati AA

Enhancing Customer Awareness & Regulatory Support

Combining targeted, interactive Gen Z awareness strategies with RBI's trust-building regulatory guardrails.



1 Industry Literacy Drives

Lender – LED Innovation

In-app score simulators:

Interactive simulators on app show real-time score boosts from timely EMI payments.

Vernacular Voice Guidance:

Audio-visual onboarding guides in multiple regional languages demystify terms for rural & Tier 3/4 borrowers.

Financial Health Dashboards:

Automated spending & debt-to-income indicators prompt alerts before over-leveraging.



2 Gen Z & Unserved Outreach

Targeting Credit – Absent Base

Demystifying

“Debt Intimidation”:

Gen Z avoids traditional loans due to jargon & unawareness; short video content clarifies APR vs. flat interest to build confidence.

Outreach in

Credit-Absent Segments:

Specialized drives targeting gig workers, Tier 3/4 youth, and Kirana merchants lacking bureau records.

Simulated

Micro-Credit Building:

Shows young adults how ₹1,000–₹2,000 micro-credit lines safely build scores for future home/car loans.

Regulated

Finfluencer Content:

SEBI/RBI guardrails mandate verified educational disclaimers on finance channels to eliminate predatory advice.



3 RBI Consumer Safeguards

Trust & Protection Rails

Mandatory Key Fact Statement (KFS):

Standardized, local-language disclosure of total APR and all fees before signing—zero hidden costs.

Penalty-Free

Cooling-off Window:

Minimum 1-day look-up period allowing borrowers to return digital loans penalty-free if they reconsider.

Minimal

Contact/Gallery Scraping:

Strict privacy rules prohibit app access to phone contacts or photos, eliminating harassment fears.

Integrated

Ombudsman (RB-IOs):

Zero-cost, single-window grievance redressal providing complete regulatory backing for consumers.

Emerging Market Segments: Credit "Blue Oceans"

Unlocking new lending volume by extending formal credit rails to credit-invisible and underserved demographics.



Gen Z & Youth

Who They Are

Digital Natives (18–25 yrs): young corporate entrants forming 50%+ of new credit card applicants.

Why Unserved

"Debt Intimidation" & Thin Files: Lack traditional credit bureau history; intimidated by formal banking jargon and salary slip mandates.

Unlocked Opportunity

Micro-credit lines build 30-year Customer Lifetime Value (LTV) for future cards, auto, and home loans.



Women Entrepreneurs

Who They Are

Micro-Owners: 37% of women led small businesses in India are Primary Income sources

Why Unserved

Collateral & Gender Gap: Due to lack of credit products that suitably cater to their needs women-led MSMEs face a 70% credit gap

Unlocked Opportunity

"Missing Middle" shift from microfinance to individual loans for enterprise expansion.



Gig & Platform Workers

Who They Are

23.5M Platform Earners by 2030: Rideshare drivers, delivery partners, and freelance digital service providers.

Why Unserved

Volatile Income Cadence: Daily/weekly variable cash flows fail static monthly salary slip underwriting requirements.

Unlocked Opportunity

Cash-flow-based micro-loans and working capital to acquire vehicles/equipment and offset income volatility.



Rural Bharat & Agri

Who They Are

Semi-Urban & Rural Core: 65% of India's population lives in Rural areas of which 47% are dependent on agriculture for livelihood.

Why Unserved

Branch & Title Friction: Distance from physical bank branches; un-digitized paper land titles and lack of audited tax records.

Unlocked Opportunity

ULI-enabled digital land checks & e-NWR warehouse receipt loans replace informal 24% or more to formal interest rates ranging from 8% to 15%.

Sources: Women's World Banking & SIDBI Report (2026) | ILO-NCAER Digital Finance Study (2026) | BW Article | World Bank IFC Study | International labor organization | Protium | NitiAyog (India's Booming Gig and Platform Economy) | Press Information Bureau Jan 2023

// Outlook & Way forward



1

**Crystal ball: A peek
into the future of
Aspirational India**

2

**A Roadmap to
Sustainable
growth**

3

**Bringing it all
together:
Summary**

Crystal ball

A peek into the future of Aspirational India

Over the next 5 years, unorganized vendors and small business owners can migrate away from informal micro-credit. Through initiatives like Credit on UPI and PM SVANidhi 2.0/3.0, vendors can access automated, daily revolving limits for rapid payouts and inventory clearances. At the same time, Existing-to-Credit (ETC) cohorts could access credit at the exact point of payment intent, where Point-of-Sale BNPL and zero-cost EMI checkouts may account for over 60% of routine discretionary purchases. As digital-first consumers aged 18–28 build early exposure to formal credit, their high-frequency, low-ticket BNPL and STPL usage has the potential to convert into prime auto loans, credit cards, and home mortgages over time.

In an ideal end state, Rural applicants could see the most significant reduction in loan turnaround times (TAT). Powered by the Unified Lending Interface (ULI) and digital land registries (BhuNaksha / e-Land Records), physical farm visits and manual land title checks can be replaced by instant API verification. Consequently, loan approval times for tractor, dairy, and farm mechanization credit may drop from weeks to under 30 minutes. For everyday consumers, borrowing can shift from an intentional financial chore into an ambient, frictionless component of lifestyle management.

Rather than navigating rigid loan applications, consumers could routinely utilize dynamic Credit-on-UPI lines, BNPL checkouts, and embedded personal credit for daily purchases, electronics upgrades, and travel. Similarly, gig workers and freelance creators who often lack fixed monthly salary slips may benefit from platform-based underwriting that can natively embed instant micro-credit lines via Open Credit Enablement Network (OCEN 4.0) rails, treating their daily platform earnings as real-time financial collateral.

Crystal ball: A peek into the future of aspirational India

Navigating Growth: Key Variables to Monitor

A synthesis of structural vulnerabilities, demand-side pressures, over-leverage, and cloud technology risks

Over-Leverage & Subprime Debt



58.4%

Unsecured Consumer Debt Share

Multi-App Stacking: 31% of Gen-Z consumers hold 2+ active credit accounts at initial origination.

Unproductive Spends: Subprime borrowers allocate 48% of loan proceeds to direct lifestyle consumption (Vacations: 27%, Business: 3%).**

STPL Default Spike: Small-ticket personal loan (<₹50k) default rates reach **6.4%**, driven by silent defaults.

Deposit Drought & Liquidity Squeeze



82.6%

Record Credit-to-Deposit Ratio

Savings Collapse: Net household savings fall to a low of **5.2%** (2022-2023) of GNDI*

Capital Flight: Retail deposits shift to equity markets, starving banks of low-cost CASA funds.

Cloud Security & Data Privacy



Single Point

Centralized Architecture Outages

Centralized Vulnerabilities: Heavy reliance on cloud-hosted microservices exposes API endpoints to outage cascades and cyberattacks.

Data Privacy & Theft: Rapid digital onboarding increases exposure to synthetic identity fraud and unauthorized scraping.

Third-Party Risk: Dependency on external TSPs and Account Aggregators creates unmonitored operational failure points.

AI Displacement can impact a borrower's ability to service an existing loan



9% -17%

Non-Agri AI Task Exposure

White-Collar Displacement: Generative & Agentic AI automates routine cognitive labor, slowing entry-to-mid level corporate hiring.

Discretionary Trap: Stagnant income growth directly undermines the long-term sustainability of discretionary Consumer loan demand.

Prime Origination Drag: Job insecurity limits fresh prime borrowers, forcing reliance on higher-risk subprime segments.

Source: * RBI Annual Report 25-26 | Equifax | ** 'How India Travels Using Holiday Loans: A Consumer Insights Report by Paisabazaar', July 2025. | BCG Macroeconomic Analysis

Roadmap to sustainable growth

Sustainability through credit & system inclusion

To expand credit footprints beyond clean profiles to New-to-Credit (NTC) borrowers, lenders can deploy alternative behavioral scoring mechanisms powered by Digital Public Infrastructure (DPI), such as the Account Aggregator (AA) ecosystem and the Unified Lending Interface (ULI). Instead of relying strictly on physical asset titles or years of tax returns, these frameworks have the capability to convert live daily transactional feeds into "information collateral." Algorithms can evaluate a borrower's creditworthiness in real time by ingesting verified GST filings, utility bill payment consistency, telecom top-ups, and bank cash-flow velocity.

Building on these onboarding rails, the adoption of Short-Term Personal Loans (STPL), Buy Now Pay Later (BNPL), and Consumer Durable (CD) financing has the potential to reshape consumer borrowing habits across India. As Gen Z and thin-file borrowers display variable income patterns, lenders are able to adapt by integrating alternative data points such as smartphone telemetry, e-commerce purchase frequency, rideshare activity, and instant merchant settlement data to construct dynamic proxy credit scores. Simultaneously, surging demand for instant micro-credit among Existing-to-Credit (ETC) borrowers could accelerate a shift away from rigid, one-size-fits-all pricing. By leveraging continuous behavioral telemetry, financial institutions can implement dynamic, risk-based pricing that offers lower interest rates to punctual borrowers while automatically adjusting credit limits based on cash-flow fluctuations.

Furthermore, integrating credit lines onto the Unified Payments Interface (UPI) may represent a pivotal shift toward seamless point-of-intent borrowing. By analyzing real-time payment telemetry across payment applications, lenders can continuously identify prime candidates for pre-approved credit directly at checkout. This deep ecosystem visibility has the potential to optimize resource allocation across both low-ticket and high-ticket lending. Utilizing low-cost UPI rails for routine purchases can significantly reduce network processing expenses compared to traditional credit card transactions. Combined with UPI AutoPay e-mandates for automated collections, this tech stack could enable financial institutions to enhance operational efficiency, lower customer acquisition costs (CAC), and maximize lifetime customer value across the lending spectrum.

Bringing it all together

India is undergoing a profound economic transformation, shifting toward a consumption-led model fueled by rising incomes and a demographic dividend. This report details the evolution of Aspirational India, a segment characterized by shifting consumer priorities and an increased reliance on formal credit to bridge the gap between aspirations and affordability.

The Drivers of Aspirational Consumerism

The economic pivot is driven by several structural shifts:



Rising Income and Lifestyle Spending

Household spending on food has dropped below 50%, unlocking disposable income for mobility, consumer durables, and lifestyle choices.



Demographic Dividend

Gen Z and Gen Y are becoming primary drivers of credit, utilizing frictionless, small-ticket digital products like Buy Now Pay Later (BNPL) and checkout finance.



Digital Public Infrastructure (DPI)

The ubiquity of UPI, Account Aggregator (AA) frameworks, and foundational identity systems (Aadhaar) has formalized the economy, allowing lenders to underwrite risk through real-time data rather than traditional collateral.

Credit Ecosystem Enabling Aspirational India

The credit ecosystem has evolved from the State-Led Command Era to the current Aspirational Era, characterized by deep Digital Public Infrastructure (DPI) integration. This transformation is fueled by three core pillars:



Digital Public Infrastructure (DPI)

Frameworks like the Unified Lending Interface (ULI) and Account Aggregator (AA) networks act as interoperable highways, allowing for instant, consent-based sharing of financial data.



Innovative Data Integration

Lenders are moving beyond static bureau scores. By leveraging vertical data integration—plugging into ERP suites and POS systems—financial institutions can perform cash-flow-based underwriting, creating information collateral for thin-file borrowers.



AI-Led Scaling and Embedded Finance

Credit is increasingly embedded directly at the point of intent. AI-powered autonomous agents are compressing loan turnaround times from days to seconds, while UPI-linked credit lines make borrowing an ambient part of daily commerce.

Bringing it all together

Credit Market Performance and Behavioral Personas

The aspirational credit landscape is undergoing structural formalization. Aspirational markets account for 54% of origination volume and 78% of origination value, with AUM reaching ₹132 lakh crore, or 79% of industry AUM, as of June 2026. The report identifies four key behavioral personas navigating this market:



Street Vendors

Reliant on micro-loans and Gold Loans for daily liquidity. Fintechs act as their primary lender, serving as a digital gateway.



Rural Bharat Aspirants

Heavily dependent on Agri-cycles, they show high ticket sizes driven by Agri and Gold credit. NBFCs and Fintechs are key drivers in this segment.



Lifestyle Seekers

Dominated by Gen Z and Gen Y, they leverage consumer durables and personal loans for lifestyle upgrades.



Emerging Micro-Ventures

This segment shows strong female entrepreneurship (78% of the segment), with high-value Unsecured Business Loans as the primary product

Challenges and Strategic Opportunities

Despite rapid growth, the ecosystem faces structural challenges including potential over-leverage among young borrowers and liquidity squeezes. Approximately 31% of Gen Z consumers stack two or more active credit accounts at initial origination, and subprime borrowers allocate significant portions of their loans to lifestyle consumption.

Strategic priorities for the future include



Hyper-Personalization: Using AI to move from one-size-fits-all products to dynamic risk-based pricing and predictive nudges.



Robust Financial Literacy: Deploying vernacular, interactive education and regulatory guardrails to protect new-to-credit users from predatory lending.



Data Convergence: Fusing public registries with alternative behavioral data to build 360-degree borrower profiles, enabling inclusion for thin-file populations.

In conclusion, the rise of Aspirational India is a structural evolution. By leveraging DPI, AI, and strategic co-lending, the ecosystem is successfully transitioning from exclusive, asset-backed underwriting to an inclusive, data-driven utility.

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// Aspirational India Report

About Equifax India

The Aspirational India report by Equifax provides possible blueprint to capture the next wave of credit expansion. Moving beyond surface-level trends, this exclusive intelligence decodes the core aspects driving the nation's growth. It equips lenders with the insights to confidently navigate emerging segments, scale profitably, and sustainably underwrite the future.

Equifax India is a leading provider of credit information and analytics solutions, helping financial institutions and businesses make informed decisions through data, technology and insights. As part of Equifax Inc., the company combines global capabilities with deep understanding of the Indian credit ecosystem to support responsible lending, financial inclusion and sustainable economic growth.

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