

## THE RISE OF DIGITAL CREDIT: AN ANALYSIS OF FINTECH NBFCs IN INDIA'S PERSONAL CREDIT MARKET

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DOI: <https://www.doi.org/10.56726/IRJMETs72100>

### ABSTRACT

The financial technology domain took control of the service market through solutions allowing financial equilibrium combined with easy-to-use banking services and lower-cost digital solutions powered by smartphones and digital wallets and peer-to-peer loan programs. The research investigates the modernization of credit lending practices for unestablished or underqualified borrowers in India through fintech NBFCs. For this research, the researcher gathered information from secondary sources by examining data provided by both the Fintech Association for Consumer Empowerment (FACE) and SIDBI reports. The analysis of personal credit data for finTech NBFCs in India extends from 2018-19 until 2023-24, according to this research. The examination includes personal lending practices of finTech NBFCs regarding loan approval levels and outstanding debt compared to traditional NBFCs and banking entities. Personal loan requests of low volume but high value are the primary focus of fintech NBFCs, though conventional bank customers hold greater market value together with their premium credit offerings. A majority of personal loans issued by fintech NBFCs target borrowers within the 26-35 age groups, who represent 51% of total sanctioned value. Their establishment of digital channels has allowed them to provide services successfully to technology-oriented first-time borrowers. Small- value loan operations form a major part of fintech NBFCs' financial activities since their ₹25k and less loans account for 34 percent of total commitments. To succeed financially, fintech NBFCs must expand into medium- and high-value loans together with implementing technological solutions for assessing risks and mutually working with traditional financial institutions.

**Keywords:** Financial Technology, Banking, Fintech NBFCs, Fintech Lending, Personal Credit, Financial Inclusion.

### I. INTRODUCTION

The financial industry is critical to the economy on both a micro and macro level (Wulandari & Ibrahim, 2023), and banks are universally recognized as the most important institution in the financial industry because they work to ensure the smooth operation of financial resources and the stability of the financial system (Jhariya et al., 2023). The banking industry facilitates the transfer of financial resources from savers to borrowers, hence fostering economic growth and capital formation (Shetty & M. K., 2022). Technology is changing how banks function these days and giving consumers new banking experiences. Cloud computing, blockchain, artificial intelligence, and mobile banking are some of the major technological advancements influencing the Indian banking industry (Shetty & M. K., 2022). It is acknowledged that the current evolution of information technology has resulted in huge changes in many industries, including the financial sector (Rahayu et al., 2022). The process of digitalization in the financial services industry has been on-going for a while. The term "FinTech" refers to this technology-enabled revolution in the financial industry as a whole (Shetty & M. K., 2022). By utilizing computer-based technology, the financial sector has undergone a shift due to the rise of Financial Technology (Fintech) (Miah, 2023). In order to increase the financial services industry's efficiency, fintech is frequently defined as the fusion of digital innovation and financial services (Hasan et al., 2020). Fintech companies began to shift their focus from the payment segment to the primary business of banking institutions, which is lending, in the expanding financial system (Jhariya et al., 2023). The banking industry takes consumer needs for online loan services seriously, as evidenced by fintech lending (Wulandari & Ibrahim, 2023).

The digital platforms developed by fintech companies transfer funds originating from NBFCs to communities that normal banking institutions exclude (Jhariya et al., 2023). Since ancient times, economic inequality that stems from unequal distribution of financial assets and service access has continually disturbed governments

and worlds' citizens. The service industry has witnessed a transformative change through fintech, which delivers solutions for economic inequality and delivers convenient, user-friendly financial services at lower costs through mobile banking applications, digital wallets, and peer-to-peer lending platforms (Miah, 2023). (Verma & Yadav, 2024) identify demographics along with personality traits and financial skills and past experience along with informal sector financing options and economic factors as the primary factors that affect individual fintech credit applications. Fintech companies can assess individuals without credit histories through mobile phone and social media analysis of their behaviour (Miah, 2023). Unfortunately, the rapid development of digital products in the financial industry has not been matched by an increase in public awareness of digital finance, often known as digital financial literacy (Rahayu et al., 2022). As a result, many people feel disadvantaged as a result of illegal peer-to-peer lending at extremely high interest rates. Furthermore, there is a high incidence of personal data theft associated with illegal fintech (Rahayu et al., 2022).

This study explores how fintech NBFCs operate in the Indian credit landscape for new and young borrowers who hold either no credit history or minimum scores. Research coverage includes current fintech NBFC conditions in India by evaluating market events and benefits as well as barriers stemming from regulations and business competition and market uncertainty. The examination investigates the procedures fintech NBFCs use to evaluate loan worthiness by analysing alternative data sources consisting of social media, e-commerce activity, and occupational history of borrowers who lack traditional credit records. The research seeks to demonstrate how fintech NBFCs improve financial inclusion as well as economic expansion within India.

## **II. REVIEW OF LITERATURE**

### **The Evolution of Fintech in Personal Lending**

Fintech has transformed how personal loans are obtained and disbursed in India. Fintech has dramatically increased financial inclusion by offering banking solutions such as digital payments and blockchain technology, bringing crucial financial services to millions of previously underserved individuals (Miah, 2023). Regulations and the convenience of online loan application requirements (Wulandari & Ibrahim, 2023) appeal to young people because they are readily persuaded by their friends, and young people are tech-savvy and trust digital platforms (Ravikumar et al., 2022) to apply for loans. According to Jhariya et al. (2023), the fintech lending business has grown rapidly, with 51% more new loan accounts and 42% more disbursed between 2019 and 2021. This growth is attributed to the use of innovative technologies such as machine learning and artificial intelligence, which improve credit assessment processes and reduce operational costs, benefiting the entire emerging economy as well as banks and customers and allowing the economy's GDP to grow rapidly (Shetty & M. K., 2022).

### **Role of NBFCs in Fintech Lending**

The importance of NBFCs continues to increase within the fintech industry because of their role in personal lending operations. NBFCs operate with fewer regulations than traditional banks; therefore, they can establish distinct financing solutions. NBFCs within the fintech sector enhance both SME financial standing and business entry to formal financial services (Łasak, 2022). Jhariya et al. (2023) explain how NBFCs filled the lending gap for underprivileged groups through financial options which regular banks declined because of strict regulatory requirements.

### **Growth Trends in Fintech Lending**

The literature shows how fintech NBFCs play a substantial role in growing personal credits. The expansion is possible because innovative technologies implemented new evaluation methods for credit assessment which brought decreased operational costs. Fintech serves as a vital business enhancement for financial services through its methods of expanding financial access for various target markets (Hasan et al., 2020). The fintech lending industry displayed strong resistance to unfavourable socio-economic conditions including the COVID-19 pandemic which confirmed its extended growth potential (Jhariya et al., 2023). Persons obtained their new attitudes regarding DFS utilization during the pandemic mostly because of technological benefits and peer influence which balanced against perceived risks and perceived trust (Ravikumar et al., 2022).

**Challenges Faced by Fintech NBFCs**

The abrupt growth of fintech NBFCs brings multiple obstacles in their way. The high personal loan default rates create significant concerns about future lending operations for these financial firms. Operational efficiency along with consumer trust face significant challenges because of regulatory uncertainties and IT security issues and management problems and differences in business models according to Lashkhi et al. (2022). Mehta et al. (2023) and Yadav and Spandana (2023) agree with these findings. The delivery of secure digital lending services with quality demands a powerful anti-hacking protective system (Shetty & M. K., 2022). Fintech NBFCs need complete modernization to achieve a fully digital strategy which will help control crimes in digital business deals. Strict monitoring must control the entire industry (Shetty & M. K., 2022).

**Comparative Analysis with Traditional Banks**

Fintech NBFCs have experienced rapid expansion of personal credit but have not yet reached traditional banks in terms of total loan value. (Jhariya et al., 2023) reports that fintech lending rates show excellent growth but scheduled commercial banks (SCBs) maintain a much larger loan value despite this rapid expansion. This gap highlights the need for fintech NBFCs to strengthen their credibility and operational frameworks in order to effectively compete with traditional banks. However, the loan volume of fintech NBFCs is fast increasing since the higher the millennial generation's degree of digital financial literacy, the better their financial, saving, spending, and investment behaviour (Rahayu et al., 2022). In the competition with fintech companies, incumbent representatives expect to strengthen the essential areas in order to retain millennial customers—namely, retain and strengthen trust; cost reduction for financial products; personalized customer service; fast service; ease of use; 24/7 availability; and flexible interface design (Lashkhi et al., 2022). Along with personal loans, the lack of access to traditional funding is a significant impediment to SMEs' growth. As a result, fintech organizations can give financing to entrepreneurs who are unable to obtain financing from traditional banks (Łasak, 2022).

For personal credit development through fintech NBFCs the future looks promising because of the expanding digital financial service adoption and its increasing use by underserved rural clients (Shetty & M. K., 2022). To achieve sustainable development these organizations need to strengthen their commitment to regulatory compliance together with improved data security protocols and enhanced consumer education regarding their provided products (Agarwal, 2024; Yadav & Spandana, 2023). An efficient value chain has emerged from customer-driven innovation which government policymakers and entrepreneurs collectively support. Government initiatives take on crucial roles for market development within fintech systems (Hasan et al., 2020). Digital lending technology works to reduce financial industry corruption through its implementation of transparent banking practices (Shetty & M. K., 2022).

Studies indicate that personal loan operations in India benefit extensively from fintech NBFCs because the sector demonstrates fast growth along with innovative elements. The uses of digital advertising channels helps fintech service providers promote their businesses thereby attracting more consumers to obtain credit through fintech NBFCs (Hoque, 2023). To achieve enduring financial success and stability in the financial ecosystem they must successfully navigate all their existing challenges. Future research should explore the extended impact of these advancements on financial systems because it affects both control mechanisms and security standards for customers (Jhariya et al., 2023; Mehta et al., 2023; Yadav & Spandana, 2023).

**III. OBJECTIVES OF THE STUDY**

1. To study personal lending patterns from fintech NBFCs and other financial institutions
2. To analyse the role of financial technology in providing personal credit in India

**IV. METHODOLOGY**

Data for this study was obtained by the researcher from secondary resources comprising the Fintech Association for Consumer Empowerment (FACE) with the SIDBI report. Veteran researchers gathered personal credit data pertaining to India's FinTech NBFCs starting from 2018-19 and extending through 2023-24. The investigation examines how FinTech NBFCs handle personal loans to track their support and kept amounts while contrasting these results with other NBFCs and banks methods. The researcher accesses financial data

through financial report materials from different organizations. The research examined personal credit development potential through fintech businesses by implementing time series analysis.

## V. RESULTS AND DISCUSSION

### 1: Personal Loan Outstanding, March 2024

**Table 1.** Personal Loan Outstanding (March 2024)

	Volume, Cr	Share in Volume	Value, Rs Cr	Share in Value	Avg Outstanding Per Loan, Rs
Fintech NBFCs	4.8	38%	70,049	5%	14,480
Other NBFCs	2.8	22%	2,32,981	17%	84,480
Banks	5.2	41%	10,44,202	78%	2,01,701
Total	12.8	100%	13,47,233	100%	1,05,479

Source: Fintech Association for Consumer Empowerment (FACE)

The majority of loans funded by NBFCs in the fintech sector amount to 38% while their total loan value represents just 5%. This indicates that fintech NBFCs tend to issue loans primarily at smaller sizes. Other NBFCs maintain a scale with 22% of total loan volume and 17% of total loan value. The bank sector represents approximately 41% of loan quantity but controls 78 percent of the loan market value because they choose loans with larger value than NBFCs. The average loan amount of fintech NBFCs stands at ₹14,480 while conventional NBFCs maintain ₹84,480 and banks reach ₹2,01,701 per loan. The main financial activity of fintech NBFCs consists of issuing small personal loans which seem to target populations without sufficient banking services. In contrast, banks concentrate on higher-value loans.

### 2: Personal Loan Sanctions in FY 2023-24

**Table 2.** Personal Loan Sanctions (FY 2023-24)

	Volume, Cr	Share in Volume	Value, Rs Cr	Share in Value	Avg Sanction Value Per Loan, Rs
Fintech NBFCs	9.0	65%	98,111	11%	10,949
Other NBFCs	2.5	18%	1,88,520	21%	76,676
Banks	2.4	17%	6,11,059	68%	2,53,362
Total	13.8	100%	8,97,690	100%	64,904

Source: Fintech Association for Consumer Empowerment (FACE)

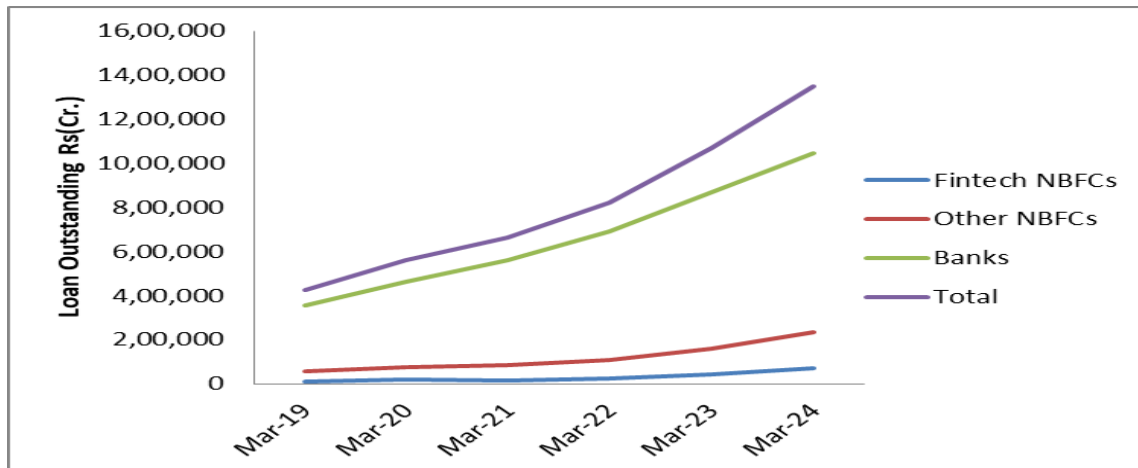
Fintech NBFCs issued a total of 9.0 crore loans which amounted to 65% of the market share because of their speed and effectiveness in providing small-ticket loans. Fintech NBFCs led the sector with large numbers of issued loans although they captured just 11% of the total value of ₹98,111 Cr because they maintained a focus on small-ticket loans. Other NBFCs issued a small number of loans to consumers equal to 2.5 Cr loans which comprised 18% of total volume while servicing midrange loan values. The overall value of ₹1,88,520 Cr took up 21% of the market even though medium and high-ticket loans made up this figure. Banks approved only 2.4 Cr (17%) loans out of all sanctioned loans thus showing a preference for high-value loan amounts rather than loan numbers. Strong performance in issuing high-ticket loans enabled them to control the largest section of overall value at ₹6,11,059 Cr (68%). The lending strategy of fintech NBFCs delivers small-ticket loans with a typical sanctioning value amounting to ₹10,949 to meet the needs of population groups not served by traditional financial institutions. The other NBFC segment provides loans worth ₹76,676 as medium-value offers towards middle-class customers. Banks approve loans with an average value of ₹2,53,362 which stands at 23 times higher than what fintech NBFCs provide to borrowers.

### 3: Personal Loans Outstanding Value, Rs Cr

**Table 3.** Personal Loans Outstanding Value (Rs Cr.)

	Fintech NBFCs	Other NBFCs	Banks	Total
Mar-19	9,913	58,201	3,57,400	4,25,514
Mar-20	17,898	78,274	4,64,790	5,60,962
Mar-21	16,063	84,039	5,61,688	6,61,790
Mar-22	23,210	1,09,255	6,90,001	8,22,466
Mar-23	43,277	1,58,786	8,68,856	10,70,919
Mar-24	70,049	2,32,981	10,44,202	13,47,233

Source: Fintech Association for Consumer Empowerment (FACE)



**Figure 1:** Personal Loans Outstanding Value (Rs Cr.)

The loan outstanding figure expanded from ₹4,25,514 Cr during Mar-19 to ₹13,47,233 Cr by Mar-24 with a yearly growth rate of 25.2% over five years. The demand for personal loans by various types of lenders is demonstrated through the rising loan amount statistics. Between March 2019 and March 2024 fintech NBFC loans grew extensively to reach ₹70,049 Cr with a yearly growth rate of 49.6% which positioned them as the top performer among all lending categories. The rate of growth in the consumer credit market for fintech NBFCs became evident through their increased share of total loans outstanding from 2.3% in March 2019 to 5.2% in March 2024. Other NBFCs experienced a 31.4% Compound Annual Growth Rate that led their outstanding loan amounts from ₹58,201 Cr in Mar-19 to ₹2,32,981 Cr by Mar-24. The data shows medium-ticket loans segment has witnessed maintained growth for NBFCs which led to their market share expansion from 13.7 percent in March 2019 to 17.3 percent in March 2024. Banks experienced a modest rise in their loan portfolio from ₹3,57,400 Cr (Mar-19) to ₹10,44,202 Cr (Mar-24) at 23.1% CAGR whereas other NBFCs grew faster among their competitors. Although the rise in bank loans was slower than other categories the total value of loans managed by banks remained stable as they declined only minimally from 84% in March 2019 to 77.5% in March 2024.

### 4: Personal Loan Sanction Value, Rs Cr

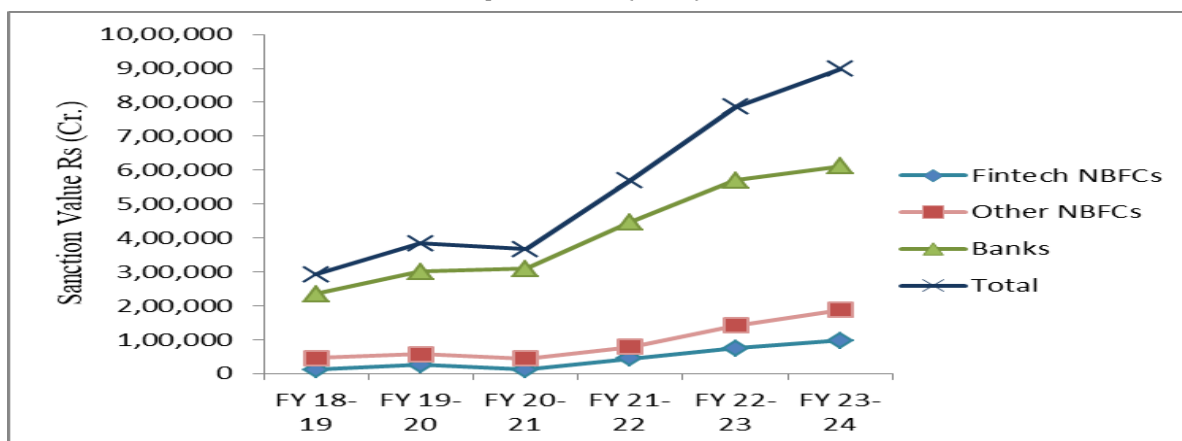
**Table 4.** Personal Loan Sanction Value (Rs Cr.)

	Fintech NBFCs	Other NBFCs	Banks	Total
FY 18-19	12,227.0	45,833.0	2,34,918.0	2,92,978
FY 19-20	25,441.0	58,042.0	3,00,930.0	3,84,412
FY 20-21	12,414.0	45,337.0	3,09,459.0	3,67,211
FY 21-22	45,362.0	78,495.0	4,46,980.0	5,70,837



FY 22-23	74,731.0	1,41,696.0	5,69,931.0	7,86,358
FY 23-24	98,111.0	1,88,520.0	6,11,059.0	8,97,690

Source: Fintech Association for Consumer Empowerment (FACE)



**Figure 2:** Personal Loan Sanction Value (Rs Cr.)

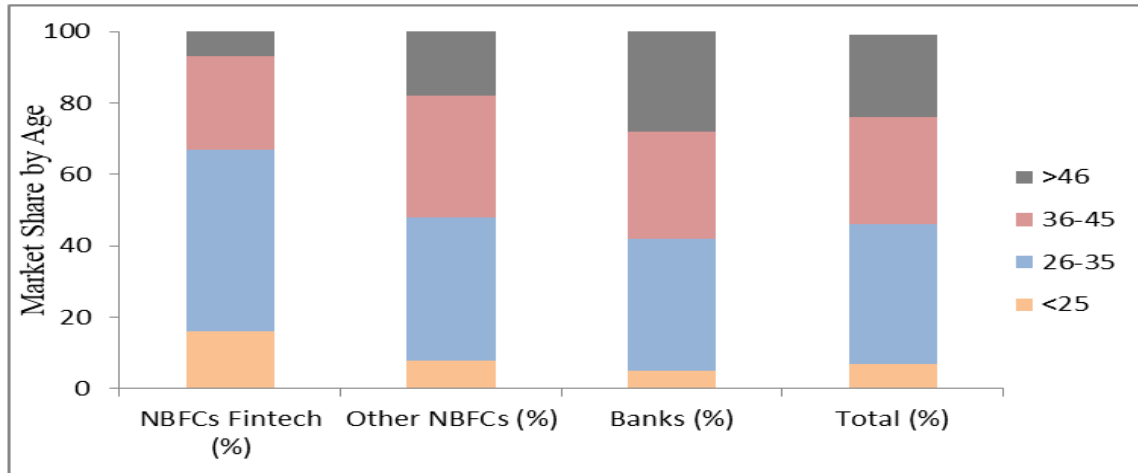
The total authorized amount for personal loans expanded from ₹2,92,978 Cr (FY 2018-19) to ₹8,97,690 Cr (FY 2023-24) at a 24.9% Compound Annual Growth Rate (CAGR) throughout six years. Personal loan demand experiences strong expansion because of the improving credit options and greater consumer needs as well as increased involvement of fintech lenders. Fintech NBFCs experienced the highest annual growth rate of 51.2% which led their sanction value to rise from ₹12,227 Cr in FY 2018-19 to ₹98,111 Cr in FY 2023-24. Fintech NBFCs experienced a rapid market growth and enhanced prominence through their rising percentage of total sanction value which increased from 4.2% in FY 2018-19 to 10.9% in FY 2023-24. Other non-banking financial companies (NBFCs) saw their sanction value rise by 33.1% annually from FY 2018-19 to FY 2023-24 to reach ₹1,88,520 Cr. The segment exhibited steady expansion through fiscal years 2018-19 to 2023-24 since their market share expanded from 15.6% to 21.0% for medium-ticket loans. The sanction value released by banks saw an increase from ₹2,34,918 Cr in FY 2018-19 to ₹6,11,059 Cr in FY 2023-24 while experiencing a gradual growth rate of 20.4% per year which stood as the lowest among the segments. The banking sector preserves its controlling position in the market through declining market share from 80.2% in FY 2018-19 to 68.1% in FY 2023-24.

5: Market Share by Age (Years), Sanctioned Value FY 2023-24

**Table 5.** Market Share by Age (Sanctioned Value FY 2023-24)

Age Group (Years)	Fintech NBFCs (%)	Other NBFCs (%)	Banks (%)	Total (%)
<25	16	8	5	7
26-35	51	40	37	39
36-45	26	34	30	30
>46	7	18	28	23

Source: Fintech Association for Consumer Empowerment (FACE)



**Figure 3: Market Share by Age (Sanctioned Value FY 2023-24)**

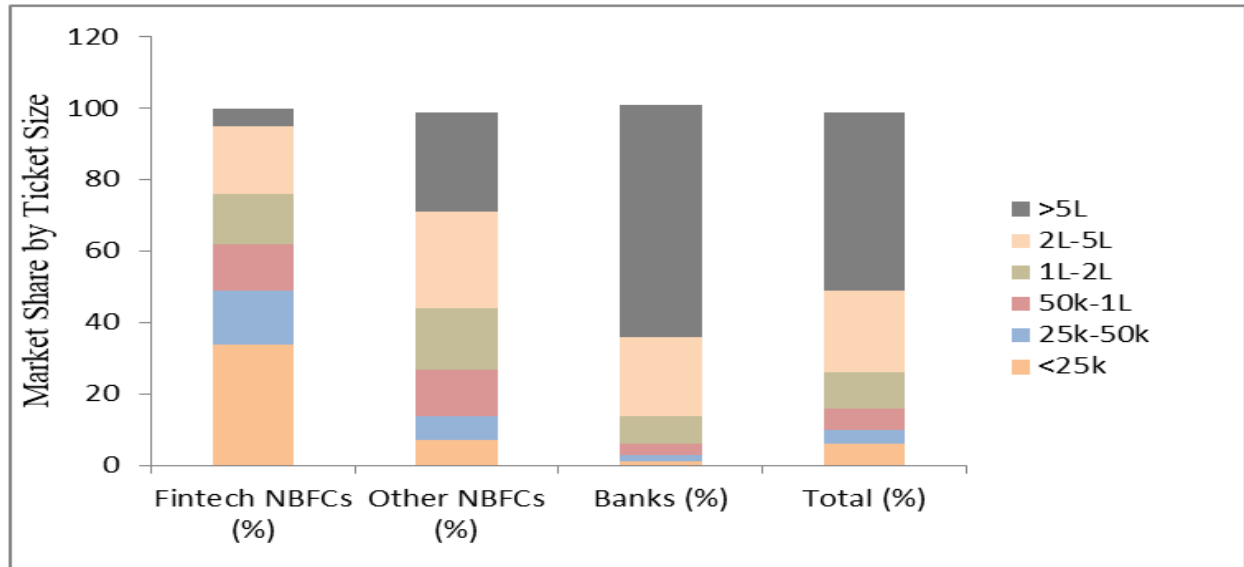
The borrower population between 26 to 45 years of age receives the largest percentage (69%) of personal loans indicating their role as the primary borrowing group. Fintech NBFCs distribute most of their sanctioned value between individuals between 26 and 35 years (51%) and borrowers younger than 25 years (16%). Their portion of loans directed to age groups within 25-45 exceeds 67%, while other NBFCs and banks maintain sectors of 48% and 42% respectively. Fintech NBFCs focus their lending activities toward digital-native borrowers who belong to the 26-45 years age bracket. Fintech NBFC loans account for 7% of their total loans awarded to borrowers who exceed 46 years of age whereas conventional NBFCs distribute 18% of their loans to this demographic and banks disburse 28% to this group. The existing customer base of fintech NBFCs consists mainly of first-time borrowers from the younger demographics instead of established older borrowers. The business model of other NBFCs targets middle-aged customers (36-45 years: 34%) who show experience and established credit credentials together with average incomes. Banks lead the market for older age groups by providing 28% of their sanctioned loans to individuals who are 46 years or older than that. This represents the maximum lending rate across all types of lenders. The NBFC's borrower profile consists of 37% at the 26-35 age range followed by 30% at 36-45 years old. They also grant loans to under 25-year-olds at only 5%. The lenders have established their preference to serve borrowers whose credit stands higher and show predictable income flow patterns.

6: Market Share by Ticket Size (Rs), Sanction Value FY 23-24

**Table 6. Market Share by Ticket Size (Sanction Value FY 2023-24)**

Ticket Size (₹)	Fintech NBFCs (%)	Other NBFCs (%)	Banks (%)	Total (%)
<25k	34	7	1	6
25k-50k	15	7	2	4
50k-1L	13	13	3	6
1L-2L	14	17	8	10
2L-5L	19	27	22	23
>5L	5	28	65	50

Source: Fintech Association for Consumer Empowerment (FACE)



**Figure 4:** Market Share by Ticket Size (Sanction Value FY 2023-24)

The larger loan category for amounts above ₹2L belongs to banks which hold 73% of total outstanding loans. The smaller ticket-size loan categories receive vital financing through fintech NBFCs since they operate across sections where traditional NBFCs and banks have lower market presence. The loans under ₹25k segment amounts to 34% for fintech NBFCs while traditional NBFCs have 7% and banks merely 1%. Access to financial services through microloans stands at the core of fintech NBFCs' businesses because unserved and underprivileged borrowers need it most. The majority of fintech NBFC loans go to the low-ticket ranges starting at ₹25k and extending up to ₹2L. These products represent 15% of loans within ₹25k-₹50k segment and 13% within ₹50k-₹1L segment as well as 14% within ₹1L-₹2L. Although these market segments hold a limited total share fintech NBFCs continuously operate to provide financial services for diverse lending requirements. The segment of loans ranging from ₹2L to ₹5L includes 19% of fintech NBFC financing while these companies provide only 5% lending for amounts exceeding ₹5L. The high-value loan segment predominantly belongs to banks since fintech NBFCs have demonstrated relatively limited penetration in this sector. Other NBFCs actively target high-value loans because they strongly dominate the market segments of ₹2L-₹5L (27%) as well as >₹5L (28%). The lending capacity of these entities operates in both high-value lending segments because they distribute their ticket size lending evenly. Most entities within this segment prefer to lend to customers demonstrating high financial stability and reliable income through their limited participation in loans under ₹1L. Banks issue 22% of the high-ticket loans for ₹2L-₹5L amounts and control 65% of all loans above ₹5L. The banking sector maintains minimal participation in products that have lower value than one lakh rupees (<₹1L: 6%) because they target creditworthy consumers with stable income streams.

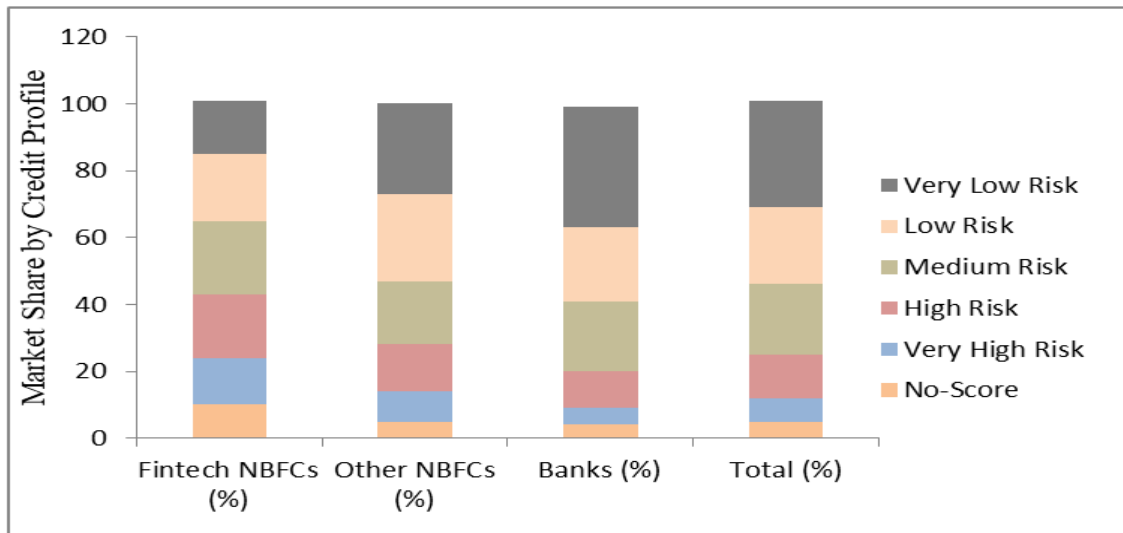
7: Market Share by Credit Profile, Sanction Value FY 23-24

**Table 7.** Market Share by Credit Profile (Sanction Value FY 2023-24)

Credit Profile	Fintech NBFCs (%)	Other NBFCs (%)	Banks (%)	Total (%)
No-Score	10	5	4	5
Very High Risk	14	9	5	7
High Risk	19	14	11	13
Medium Risk	22	19	21	21
Low Risk	20	26	22	23
Very Low Risk	16	27	36	32

Source: Fintech Association for Consumer Empowerment (FACE)





**Figure 5:** Market Share by Credit Profile (Sanction Value FY 2023-24)

Fifty-five percent of lenders extend loans to consumers who demonstrate low-risk and very low-risk properties because they prefer dealing with trustworthy borrowers. The lending operations of fintech NBFCs make them issue financial services authorization at higher frequencies to borrowers who come from all risk categories compared to traditional NBFCs and banks. A comprehensive 43% of their loan portfolio belongs to high-risk segments (No-Score, Very High Risk, and High Risk) whereas banks maintain 20% in these groups and other NBFCs have 28%. Fintech NBFCs are dedicated to supporting new clients who lack credit history or financial documentation through their willingness to provide services. Understanding the risk tolerance of different financial entities shows that fintech NBFCs choose to serve more risky profiles of borrowers compared to the regular NBFCs and banks with 20% low-risk and 16% very low-risk customers. Such practices indicate their purpose to increase financial accessibility for everyone rather than seeking individuals with prior creditworthy characteristics.

## VI. FINDINGS

Fintech NBFCs successfully serve low-value high-volume loans whereas the banking sector maintains its position in the loan market because it caters to conventional clients with high-value credit products. Fintech NBFCs tailor their lending solutions to customers who need small financial support because their average outstanding loan amount is minimal. Their standard sanction amount of ₹10,949 stands as much lower than industrial standards thus demonstrating their unique market position in financing small personal loans. Fintech NBFCs maintain great potential for rural and semi-urban market expansion because of their large customer volume combined with technological strengths. Fintech NBFCs can boost their total value by creating both medium-sized and high-value loans yet they need to maintain client focus as their central approach. Bank investments remain critical to personal lending because they use their established reputation as well as their expertise in underwriting big loans while advancing quick loans with minimal paperwork. At the same time fintech NBFCs strive to win the traditional market through enhanced client convenience and rapid processing and streamlined documentation needs.

Large loan volume processing capability within fintech NBFCs results from their digital platforms which scale efficiently. The NBFCs manage to reach under banked customers as well as new market territories because of their inexpensive lending practices. Through partnerships with conventional lenders and large banks fintech NBFCs can access high-value loan customers at their current operational speed. The 49.6% CAGR growth rate of the Fintech NBFCs demonstrates how technology allows them to establish quick and efficient loan solutions. The effective adoption of technology by fintech NBFCs promotes their market expansion across multiple areas. The substantial CAGR level reveals that fintech NBFCs can expect substantial expansion opportunities primarily in underpenetrated market sectors. Fintech NBFCs acquire young borrowers through their digital infrastructure and simple loan processing services. The loan facilitation of fintech NBFCs reaches 51 percent of

borrowers who belong to the 26 to 35 age bracket who represent both millennial and Generation Z borrowers. The personal credit sector experiences fundamental change through technological advancements.

Fintech NBFCs control 34% of the ₹25k and below loan segment which confirms their ability to provide small-ticket loans. The organization pursues financial inclusion goals through its operations which specifically target borrowers who are new to the system and disadvantaged groups. Fintech NBFCs operate at a low 5% level in the >₹5L segment which reduces their potential to serve high-value borrowers and declines their total market value. The ability of fintech NBFCs to compete with banks in issuing large-sized loans will require enhanced risk management systems and underwriting solutions and targeted special products. Fintech NBFCs contribute substantially to financial inclusion through their service of high-risk sectors which include No-Score borrowers representing 10% of their client base when considered primarily as first-time credit consumers. The evaluation systems driven by technology demonstrate their effectiveness through successful service provision to this specific group. The significant number of high-risk borrowers (43%) raises their chance of default, demanding strong risk management frameworks and advanced credit scoring algorithms.

## VII. CONCLUSION

The trend of financial technology NBFCs promotes financial access by focusing on small but numerous credit transactions. Their minimal value contribution reveals that their current services serve only a few borrowers individually. Fintech NBFCs need to maintain customer-focused operations combined with technological efficiency as they expand product range to advanced loan categories and improve market presence for sustained long-term development. Fintech NBFCs operate as the primary segment within the personal loan market that demonstrates exponential growth through their loan outstanding numbers spanning from 2019 until 2024. The 49.6% CAGR growth signifies small-ticket loan success which demonstrated their capability to increase market share and thus functions as a vital force for financial inclusion in India. The entities need to address risk management problems while targeting profitable higher-value loan markets to strengthen their market position and value addition. Such an integrated strategy will create sustainable marketplace relevance for infinite growth duration. The target segment of fintech NBFC personal loans consists mainly of borrowers who are between 26 and 35 years old because they represent 51% of all approvals. Their ability to reach first-time borrowers through digital channels proves successful in their business operations. The financial technology non-banking financial companies focus on low-ticket loans because these transactions represent 34% of their total loan approvals under ₹25k. Their monopoly position in low-ticket lending shows their capability to provide credit services to new and traditionally hard-to-lend-to borrowers. Fintech NBFCs pursuing sustainable growth while building strong competition should advance into mid- and high-ticket loans and integrate technological risk solutions together with conventional lending practices. Fintech NBFCs solve issues related to high-risk customers through their lending activities because 43% of their issued loans support borrowers with No-Score, Very High Risk, and High Risk profiles. The risk of defaults remains high for fintech NBFCs because they rely on this method so they need effective risk management strategies alongside portfolio diversification methods.

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