

How India Borrows 2024: Home Credit India Study Reveals Aspirational Borrowing Trends, Rising Digital Adoption, Increase in EMI Cards & App-Based Banking

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[Home Credit India](#), a local arm of the leading global consumer finance provider, has released the findings of its annual consumer study – [How India Borrows](#). The sixth edition of the study reported a significant shift in borrowing patterns among the lower-middle-class consumers, transitioning from survival-driven borrowing to one fuelled by aspirations, entrepreneurship, and long-term investments. This transformation reflects India's evolving socio-economic landscape, where consumers are increasingly focused on improving their quality of life, empowered by greater access to credit and the growth of digital platforms.



How India Borrows 2024

Speaking on the sixth consumer study, [Ashish Tiwari](#), Chief Marketing Officer, Home Credit India, said, “Our latest How India Borrows 2024 study highlights a transformational shift in the borrowing behaviour among the lower-middle-class borrowers. It shows an increasing preference towards borrowing for consumer durables and small business ventures and consumer’s growing comfort with app-based banking, chatbots for customer service, WhatsApp payments, and digital literacy, reflecting not only the evolving financial aspirations of borrowers to enhance their lifestyle and income opportunities, but also the growing role of digital platforms in making credit more accessible. The study also points out the strong affinity towards embedded finance and EMI-based financing and the importance of raising awareness around data privacy. Keeping this in mind, Home Credit India remains committed to providing transparent, secure, convenient, and accessible financial solutions, empowering consumers on their journey towards a better quality of life and fostering a responsible and inclusive financial future for all, thus partnering with them in making their #ZindagiHit.”

Borrowing Behaviour Among Consumers

According to the study, most of the loans were taken to purchase consumer durables, followed by lending for business

and house renovation. For example, **borrowing for smartphones and home appliances** increased from 1% in 2020 to 37% in 2024, indicating a continuous rise in borrowing for acquiring new technology and consumer durables. **Borrowing for business expansion and start-ups** jumped from 5% in 2020 to 21% in 2024, fuelling a sustained entrepreneurial momentum as individuals sought new income streams and opportunities, driven by pandemic-related economic shifts and strong government support for MSMEs through credit schemes and subsidies. **Borrowing for home renovation/construction** saw a modest rise, from 9% in 2022 to 15% in 2024, reflecting the rising consumer interest in improving living conditions, enhancing home value, an optimistic economic outlook, and a focus on long-term investment in assets.

The study further showed stable trends in **education loans**, which remained at 4% from 2022 to 2024, underscoring the continued importance of children's education. **Borrowing for marriages** gradually increased from 3% in 2021 to 5% in 2024, highlighting the continued cultural importance of fulfilling social commitments. Interestingly, borrowing for medical emergencies has dropped significantly, from 7% in 2020 to 3% in 2024, which could be attributed to improved financial planning, more affordable healthcare options, and better access to insurance.

Rise in Digital Financial Transactions

The study indicated that as consumers become more tech-savvy, their borrowing habits are also shifting towards app-based banking, with 65% favouring it over browser-based banking (44%) in 2024. This trend reflects the consumers growing preference for convenience, 24/7 financial access over traditional branch visits, and heightened digital literacy. **App-based banking** is most popular among Millennials (69%), followed by Gen Z (65%) and Gen X (58%). Geographically, Metros lead with 71% adoption, followed by Tier 2 cities at 69%. **Browser-based banking**, meanwhile, sees higher usage among

Gen Z and Millennials at 47% each, with Gen X having the lowest usage at 35%.

Online shopping has also shown a pattern of normalisation following the peak disruptions caused by the COVID-19 pandemic. In 2021, usage of online shopping hit 69% due to health and safety concerns but dropped to 48% in 2023 as restrictions eased. By 2024, it has slightly rebounded to 53%. Women (60%), Millennials (59%), Gen Z (58%), Metros and Tier 2 cities (56% each) now drive this trend. Kolkata (71%), Kochi (66%), Hyderabad (64%), Chennai (60%), and Ranchi (59%) are the top five cities in terms of online shoppers.

Increased Usage of Chatbots and WhatsApp

As per the study, **Chatbots** are gaining traction in customer service, with 27% of middle-class borrowers citing familiarity with the tool, up 4% from last year. Awareness is stronger among Gen Z at 30%. Additionally, 38% of borrowers find chatbots easy to use for customer service, and 29% trust the responses provided by them.

WhatsApp has also redefined the communication landscape, becoming a key channel in the lending space due to its user-friendly features and widespread adoption. It continues to gain prominence, with 59% of borrowers receiving loan offers via WhatsApp. Trust in loan offers received on WhatsApp has also grown, rising from 24% in 2023 to 26% in 2024, reflecting increasing confidence in this digital platform. Loan offers received on WhatsApp are prevalent among Gen Z (61%), and in Tier 1 cities (67%).

Growing Adoption of Embedded Finance and EMI Cards

Driven by their convenience in credit-related transactions, the adoption of innovative financial solutions, like embedded finance and EMI cards, is on the rise. There has been a nuanced shift in customer attitude towards embedded finance, with 43% of customers expressing interest in these services.

Almost 50% of the borrowers in favour of embedded finance agree that embedded finance makes borrowing faster and e-commerce shopping simpler. For example, 64% favoured major e-commerce platforms (like Amazon, Flipkart, Meesho, etc), followed by 21% opting for travel apps (like MakeMyTrip, ClearTrip, etc.), and 23% using food delivery apps (like Zomato, Swiggy, etc).

According to the study, **interest in embedded finance** is notably higher among Gen Z (55%) and Men (45%), highlighting a demographic divide in engagement. Additionally, customers in Tier 1 cities, particularly in urban centers, such as Lucknow (68%), Patna (53%), Ahmedabad (52%), Bhopal (52%), and Ranchi (52%), exhibited a greater propensity towards embedded finance.

EMI Cards remained the most popular credit tool among the lower-middle-class borrowers in India, with 43% citing them as their preferred option due to greater trust and faster disbursements. Other popular sources for obtaining loans include credit cards, preferred by 24% of borrowers, and digital lending apps, preferred by 12%.

Balance Between Digital Convenience and Human Connection

A growing shift in loan acquisition patterns was noticed in the study, with 48% of borrowers opting to visit physical branches, underscoring the enduring preference for face-to-face interactions; 30% of borrowers opting to complete applications online, reflecting the growing confidence in technology and convenience; and 22% of borrowers relying on customer care representatives, highlighting the need for human intervention.

Borrowing preferences differ notably by region. In Tier 1 and Tier 2 cities like Kochi (85%), Lucknow (73%), and Ranchi (69%), borrowers prefer physical branches, indicating that people value personal interaction and trust. Meanwhile,

borrowers in metropolitan cities such as Bengaluru (64%), Hyderabad (53%), and Chennai (48%) increasingly lean towards online channels due to accessibility and tech familiarity, reflecting their openness to digital financial services.

Interestingly, the preference for digital loan channels for future credit needs has declined by 10% from the previous year, signalling an **increasing demand for more personalised, human-centred lending solutions**. For financial companies, this shift emphasises the need to enhance customer experiences by blending digital efficiency with empathetic human support, redefining the loan acquisition process to better resonate with modern consumers.

Awareness of Data Privacy

The study also highlighted a **growing awareness gap regarding data privacy guidelines** among borrowers. 24% of borrowers have claimed to have heard of the data privacy requirements that lending companies must implement, an 8% increase from last year, but this understanding is superficial as their knowledge on the subject is negligible. Nearly half (48%) of the lower-middle-class borrowers don't understand anything about the data protection guidelines, highlighting the **need for increased transparency and education from financial institutions and regulators**.

In terms of comprehension of the data protection rules and guidelines, approximately 40% of borrowers claim to understand, with 38% recognising that these guidelines prohibit unauthorised data sharing. Borrowers from Kochi (49%) and Chennai (43%) seem to be more digitally advanced and claim to understand the usage of personal data. However, only 15% of borrowers are aware that these guidelines specifically pertain to the use of their data exclusively for the loan application process, a 3% increase compared to last year.

The study also found that about 58% of borrowers are concerned

about how their personal data is collected and used by lending apps. Almost half of the borrowers (57%) voiced that they don't have any control over their personal data with the lending apps, and 49% of the borrowers feel that the **lending apps collect more data than required**. Although less than one-fourth (23%) of the borrowers understand the usage of their personal data by lending apps, a strong demand for transparency exists as more than three-fourths (76%) of borrowers seek clarity on the usage of their personal data. Tier 1 (87%), Gen Z (80%), and Men (78%) are particularly interested in learning about the use of their personal data.

Need for Financial Literacy

The study also showed varying levels of interest in financial education. 15% of borrowers reported **needing assistance while using internet banking, loan applications, payment wallets, and other critical online financial tasks**, indicating that a notable portion of users, especially Women (17%), Gen X (24%) and borrowers in Tier 1 cities (18%), still encounter challenges or lack confidence in managing their financial activities digitally.

33% of borrowers, on the other hand, expressed a desire for **guidance from reputable organisations** on the usage of internet related tasks, particularly Gen Z (40%), Women, (37%), and borrowers in Tier 1 and Tier 2 (36% each), demonstrating a stronger demand for being equipped or educated to effectively manage online financial tasks.

The **How India Borrows 2024 study was conducted across 17 cities** including Delhi-NCR, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad, Pune, Ahmedabad, Lucknow, Jaipur, Bhopal, Patna, Ranchi, Chandigarh, Ludhiana, Kochi, and Dehradun. The sample size consisted of approx. 2500 borrowers in the age group of 18-55 years, with an average income of Rs. 31,000 per month.

About Home Credit India

Home Credit India Finance Pvt. Ltd. is a local arm of the international consumer finance provider Home Credit International with operations spanning Europe and Asia. The company is committed to drive credit penetration and financial inclusion by offering wide financial solutions that are simple, transparent, and accessible to all. Home Credit India has an employee base of 3800 and has been consistently expanding operations since its entry in 2012, with its operations spread over 625 cities across India. The company has a strong network of around 53,000 points-of-sale (PoS) and is growing with a customer base of over 17 million customers, driven by Pan-India expansion across major markets, a range of diversified and innovative products backed by superior customer experience.

For more information, visit www.homecredit.co.in.

