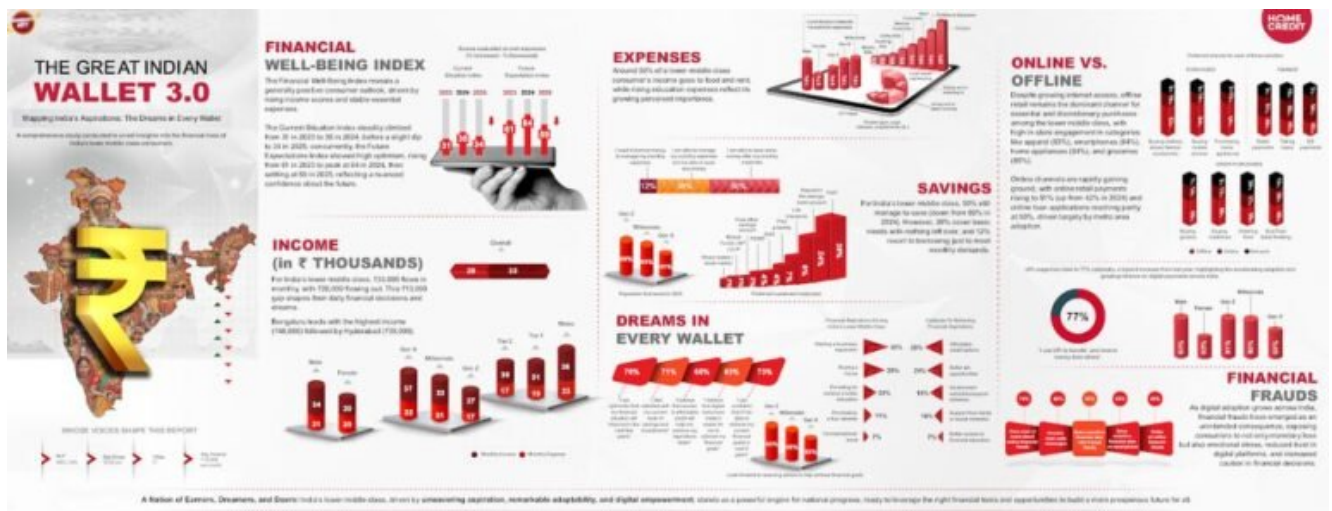


The Great Indian Wallet 2025 by Home Credit India Unveils a Resilient, Digitally Driven Lower Middle Class with High Aspirations for the Future

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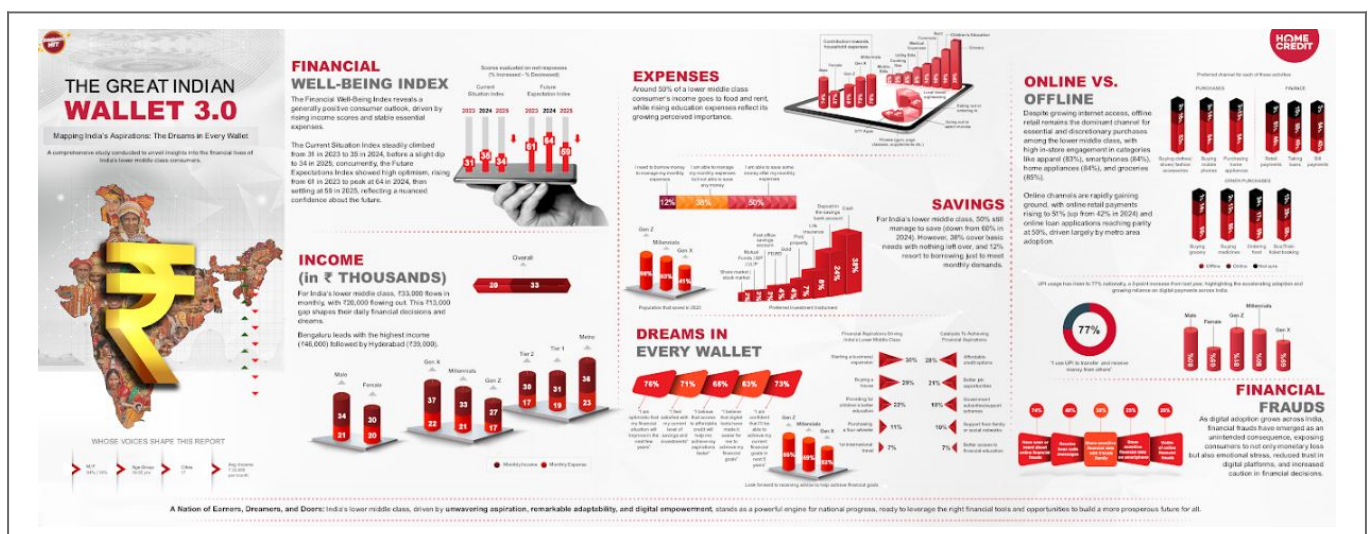


- 73% are confident of achieving financial goals in 5 years
- 65% believe affordable credit speeds up financial aspirations
- 63% of consumers believe that digital tools have made it easier to pursue their financial goals
- 57% of the respondents reported an increase in income this year
- 50% of respondents reported savings this year, down from 60% in 2024
- 12% of the respondents are borrowing to cover basic

needs

- Education spending saw a 34% rise in the wallet share
- Among male consumers, 29% consider affordable credit crucial for achieving their financial aspirations
- Local travel has emerged as a key lifestyle upgrade, with 31% of consumers now exploring nearby destinations at least once a month
- 26% of Gen Z respondents place greater emphasis on improved job opportunities to achieve their aspirations faster

Home Credit India, a leading consumer finance company, today unveiled the findings of the third edition of its landmark report 'The Great Indian Wallet 2025. This year's study highlights a transformative shift in how lower middle-class Indians approach financial well-being. With the theme 'Mapping India's Aspirations: The Dreams in Every Wallet', the study representing two-third of the country showcases a picture of a resilient, optimistic, and increasingly digital demographic that is not just surviving, but thriving to meet their aspirations.



The Great Indian Wallet 2025 by Home Credit India

The study offers a window into consumers financial lives

across the nation, leveraging insights drawn from the Financial Well-Being Index alongside detailed data on income, expenses, wallet share, aspirations, and discretionary spending. According to the study, the financial pulse of the country remains strong, with consumers demonstrating pragmatic planning and an increasingly aspirational outlook as they adapt to rising costs. This spirit is especially evident in their focus on crucial areas like education, job opportunities, and the desire for affordable credit.

*"When we initiated The Great Indian Wallet Study in 2023, we sought to understand the financial pulse of India. What we discovered was a nation of quiet revolutionaries – millions of households transforming constraints into steppingstones, challenges into opportunities," said **Ashish Tiwari, Chief Marketing Officer, Home Credit India.** "This years findings reveal something extraordinary: despite economic headwinds, Indias lower middle class is more optimistic, more digital, and more determined than ever before. Their financial discipline, entrepreneurial spirit, and unwavering commitment to the next generation's prosperity inspire us to innovate and be true partners in making their #ZindagiHit."*

Gauging India's Financial Pulse

The report unveils a robust spirit of optimism among Indias lower middle class. Home Credit Indias proprietary Financial Well-Being Index (FWBI) reveals a generally positive consumer outlook, with the Future Expectations Index remaining high at 59 in 2025, reflecting robust confidence in future financial improvement. This optimism is supported by 57% of respondents reporting an increase in income (up from 52% last year) and gradual improvements in savings. Overall, 73% of consumers express confidence in achieving their financial goals within the next five years, with 76% hopeful that their financial situation will improve in the coming years, showcasing resilience despite a slight dip in overall optimism compared to last year.

The Balancing Act – Income, Expenses and the Indian Wallet

As per the study, 57% of the respondents reported an increase in income (up from 52% last year). Reflecting a delicate financial balance, the average monthly income for the lower middle class is Rs. 33,000 against essential expenses of Rs. 20,000, underscoring the need for accessing credit solutions. While financial responsibility is increasingly shared – with male contributions to household expenses rising to 74%, and Gen Z (61%) and Millennials (73%) increasing their household contributions – rising living costs are undeniably reshaping their ability to save. Despite a strong desire to save, only 50% of respondents reported saving this year (down from 60% in 2024), with 12% borrowing just to cover basic needs, indicating financial pressure to run the household. The consumers from most of the metropolitan cities continue to earn more (Rs. 36,000) but also bear higher costs (Rs. 23,000), while Tier-2 residents report the lower incomes (Rs. 30,000) and expenses (Rs. 17,000), underscoring regional disparities.

Wallet Priorities: Grocery Leads, Education Rises Fast

Beneath pragmatism, dreams are actively reshaping spending patterns. While groceries remain a dominant expense, consuming 29% of monthly budgets (a 12% surge), education spending has emerged as a soaring priority, rising by 34% over the past year to account for 19% of the monthly wallet share. This reflects a powerful commitment to investing in the next generations progress, with 40% of respondents actively contributing to their childrens education with Gen X, allocating 22% of their monthly spending.

Shifting Habits and Discretionary Spending Trends

India's lower-middle class is undergoing a subtle yet significant transformation in its spending behaviour, signaling a shift from impulsive materialism to more mindful,

aspiration-driven consumption. Local travel has emerged as a key lifestyle upgrade, with 31% of consumers now exploring nearby destinations at least once a month, a trend led by Gen Z contributing 44% to the share of travelers across different generations. Fashion remains popular, with 39% still shopping for clothes and accessories: however, this reflects a notable 20-point decline from previous levels, indicating a move towards more considered, need-based purchases. Emerging categories like fitness (7%) and OTT subscriptions (6%) still occupy niche segments, signifying a deeper cultural shift, where goals are defined less by visible status and more by personal enrichment and practical comfort.

The Shifting landscape of Savings

Despite a strong desire to save, rising living costs are forcing many consumers to reprioritize their finances. Only 50% of respondents reported saving this year, down from 60% in 2024. Liquidity remains key, with 38% preferring to save in cash, while formal options like bank accounts (24%), LIC (8%), property (7%), and gold (4%) see lower adoption. Alarmingly, 12% are resorting to borrowing simply to cover basic needs, pointing to a fragile financial state and an urgent need for accessible, affordable and responsible credit solutions.

Digital Tools Emerge as Critical Enablers of Financial Progress

The digital revolution is a powerful ally in their financial journey. According to the findings, 63% of consumers believe digital tools have made it easier to pursue their financial goals, with the strongest confidence coming from Tier-1 cities like Jaipur (86%), Pune, and Kolkata (80%). While physical stores remain dominant for product purchases like apparel and home appliances, online channels are rapidly gaining traction in financial transactions. Online retail payments now account for 51% of transactions (up from 42% in 2024), and significantly, the preference for online loan applications is

nearing parity with offline at 50%, demonstrating growing trust in digital lenders. Online booking for transport and food ordering also shows steady growth, marking a broader digital embrace. In the realm of digital transactions, UPI (Unified Payments Interface) continues to anchor India's digital financial evolution, with around 80% of consumers now relying on the platform for everyday transactions, as compared to 72% in 2024. Adoption is highest among men, Gen Z, and metro dwellers-especially in Hyderabad (93%) and Kolkata (87%). However, nearly half say they might stop using UPI if fees are introduced, underlining the importance of keeping digital tools affordable to maintain financial inclusion.

Surge of Online Financial Frauds

As digital adoption deepens, the lower middle class faces increasing vulnerabilities to online financial frauds. A significant 74% reported awareness of such frauds, yet concerningly, 28% admit to sharing confidential financial information with friends or family, and 25% store it on their smartphones. Alarmingly, 20% have already fallen victim to online financial fraud, highlighting the urgent need for enhanced digital literacy and secure practices to protect consumers in the evolving digital landscape.

Dreams in Every Wallet: Mapping Indias Aspirations for a Brighter Future

Despite economic constraints, Indias lower middle class harbors strong aspirations, primarily for entrepreneurship and homeownership in both short and long terms, alongside securing childrens education. Notably, 28% believe affordable credit is the most critical enabler in achieving their goals, with 65% feeling it will help them faster. While anxieties persist, especially concerning affording education (18%) and insufficient emergency savings (15%), a substantial 58% express a desire for financial advice. Women strongly correlate improved employment options with financial progress,

emphasizing a growing demand for gender-sensitive economic policy.

A Call to Action for Inclusive Growth

The Great Indian Wallet 2025 surveyed consumers aged 18-55 years, across 17 diverse cities, from metros to smaller towns, offering key insights into their financial behaviors, aspirations, and digital adoption. The findings paint a picture of a dynamic segment that, despite facing pressures, remains optimistic and resilient. Their collective aspirations are a powerful engine for national progress. By fostering an environment that provides tailored financial solutions, robust digital education, and equitable opportunities, we can empower these millions to not just dream, but to truly fulfill their financial aspirations, contributing significantly to a more inclusive and prosperous India.

About Home Credit India

Home Credit India Finance Pvt. Ltd., a subsidiary of TVS Holdings Ltd. is a leading consumer finance company committed to driving credit penetration and financial inclusion across India. Home Credit India offers a diversified range of innovative products, supported by a superior customer experience, and continues to expand its pan-India presence. With a focus on providing simple, trustworthy, transparent, tech-driven accessible financial solutions, Home Credit India has been part of financial journey for over 1.8 Crore customers through a robust network of approximately 53,000 points-of-sale (PoS) spread across 625 cities nationwide.

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

