FIDC
Finance Industry Development Council
(A Self Regulatory Organisation for NBFCs in India)

TransUnion CIBIL

BHARAT NIRMAN

NBFC Forming the Foundation of Credit Dispersion

SEPTEMBER 2026

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FOREWORD BY TRANSUNION CIBIL

Over the past decade, NBFCs have evolved from being an alternative lending channel to becoming a vital pillar of India's formal credit ecosystem. Their growth has been driven by their ability to extend credit to underserved geographies, demographics, and borrower segments, helping broaden financial inclusion and expand access to formal credit across the country.

The scale of this contribution is significant. Today, nearly half of all New-to-Credit consumers entering the financial system do so through an NBFC. In total, 11 crore borrowers hold active credit relationships with NBFCs, accounting for 44% of all credit-active customers in India. These numbers reflect the sector's growing role in expanding access to formal finance and bringing millions of individuals and businesses into the credit mainstream.

Beyond the numbers, NBFCs have expanded opportunities for millions of first-time borrowers, entrepreneurs, households and small businesses, often serving as their first gateway into the formal financial system.

What stands out to me is that the sector's progress over the years has balanced growth with increasing resilience, capability and discipline. NBFCs have strengthened underwriting practices, diversified product offerings and embraced digital innovation to improve both access and efficiency. The improvement in portfolio quality over the past decade reflects a sector that is evolving not only in scale, but also in sophistication and operational capability.

At TransUnion CIBIL, we have had the privilege of supporting this journey through our credit data infrastructure, analytics and risk assessment capabilities. Drawing on a decade of data, this report provides a comprehensive view of how the NBFC sector has grown across retail and commercial lending, and the role it continues to play in advancing financial inclusion.

The title of this report, Bharat Nirman, reflects the contribution of NBFCs to India's development journey. NBFCs are not merely participants in India's credit expansion. They are helping build the financial foundations of a more inclusive economy, enabling individuals, households and businesses to participate more fully in the country's growth story.

I hope this report serves as both a reflection of the progress achieved and a useful perspective on the opportunities that lie ahead for the sector.

BHAVESH JAIN
MD & CEO,
TransUnion CIBIL Ltd.

FOREWORD BY FIDC

Finance Industry Development Council (FIDC), which has been the voice and face of the Non-Banking Financial Company (NBFC) sector for the last 22 years, attained a new avatar last year when RBI recognized FIDC as the Self-Regulatory Organization (SRO) for NBFCs and Housing Finance Companies (HFC) in India. This transformation has brought in the important element of capacity-building and upskilling of Member NBFCs, especially Base Layer NBFCs. In this endeavour, FIDC signed its first MoU with TransUnion CIBIL in 2025 with the aim to leverage the strength of TransUnion CIBIL as the industry custodian of credit data. This coupled with the expertise and experience of FIDC members, who are seasoned players in the industry, is expected to lead to joint reports to accurately portray the NBFCs' performance in this fast-changing global environment. We are extremely happy to contribute to the first such report which, thanks to the expertise of the TransUnion CIBIL team, presents a clear picture of the role of NBFCs in the development of our great nation.

Being the pioneers of providing need-based credit to the unbanked segment of the society, NBFCs have not only deepened their reach, but also carved a niche market over the years. Today NBFCs account for almost 25% of total bank credit in the country with credit to GDP ratio of around 13%. This has catapulted NBFCs from being the shadow players to becoming the mainstream pillar of our economy when it comes to credit delivery. A natural consequence of this has been a manifold increase in the recognition of the good work being done by the sector not only from the policymakers but even apex multilateral development banks and financial institutions.

All this has been possible due to two unique characteristics of NBFCs, namely flexibility and innovation. Both these features owe their origin to the diversified credit needs of the borrowers in small towns and rural areas.

A classic example of innovation in recent times has been the shift to cashflow-based term lending as opposed to the traditional asset-backed lending, implying well-purposed loans. This meets the credit needs of small businesses (MSMEs including startups). Flexibility in operations is reflected in the fact that NBFCs are significantly gaining market share in states that were previously viewed as under-developed.

All these aspects along with the trajectory of the NBFC contribution towards Bharat Nirman have been beautifully analysed and projected in this report. We thank the team at TransUnion CIBIL for their commitment, insights, and dedication in shaping this comprehensive work.

Going forward, FIDC shall place greater emphasis on capacity building, practical guidance, technology awareness, governance excellence and deeper engagement with members across the country. We cherish our collaboration with TransUnion CIBIL in working towards building a strong, sustainable and compliant NBFC sector so as to become one of the key pillars of a Viksit Bharat.

RAMAN AGGARWAL

CEO, FIDC

EXECUTIVE SUMMARY

NBFCs have emerged as the **foundation of credit dispersion in India**, combining financial inclusion with sustained market expansion. Today, **36% of credit-eligible consumers have ever accessed credit through an NBFC**, while NBFCs account for **46% of all credit-active consumers** and nearly **50% of New-to-Credit originations**, making them the primary gateway to the formal credit ecosystem.

Their impact extends beyond inclusion. NBFCs' share of retail originations has increased from **33% to 43% by volume**, demonstrating their growing relevance in India's lending ecosystem. However, a lower **30% share of origination value** highlights significant headroom to deepen wallet share through larger-ticket and more diversified lending products.

NBFC growth has been powered by underserved and emerging segments, including women, younger consumers, semi-urban and rural geographies, and increasingly credit-aware borrowers. At the same time, NBFC credit-active consumers have grown nearly **7x over the last decade**, significantly outpacing the broader credit industry.

Borrower preferences are also evolving. Nearly **47% of NBFC New-to-Credit originations are driven by consumption lending**, reflecting growing demand for flexible, lifestyle-oriented credit. Notably, **74% of these borrowers continue to remain exclusively with NBFCs two years later**, underscoring the sector's ability to establish enduring customer relationships.

While NBFCs maintain a strong focus on smaller-ticket lending and underserved geographies, they are increasingly expanding into more mature consumer and commercial segments, including credit-experienced and lower-risk borrowers and businesses. As New-to-Credit growth gradually moderates, the next phase of growth will be defined by deeper customer engagement, broader product participation, and increased share of wallet across both retail and commercial lending.

FINANCIAL INCLUSION
36% of credit-eligible consumers have accessed credit through NBFCs

CREDIT ACTIVE BASE
46% of all credit-active consumers hold an NBFC loan

NEW-TO-CREDIT LEADERSHIP
Nearly 50% of New-to-Credit originations come through NBFCs

MARKET SHARE GROWTH
NBFC origination volume share increased from 33% to 43%

CONSUMER GROWTH
NBFC credit-active consumers grew nearly 7x over the last decade

WOMEN INCLUSION
Women participation increased from 18% to 27%

RURAL PENETRATION
SuRu share increased from 31% to 59%

CREDIT AWARENESS
Credit-monitoring consumers grew from 3% to 48%

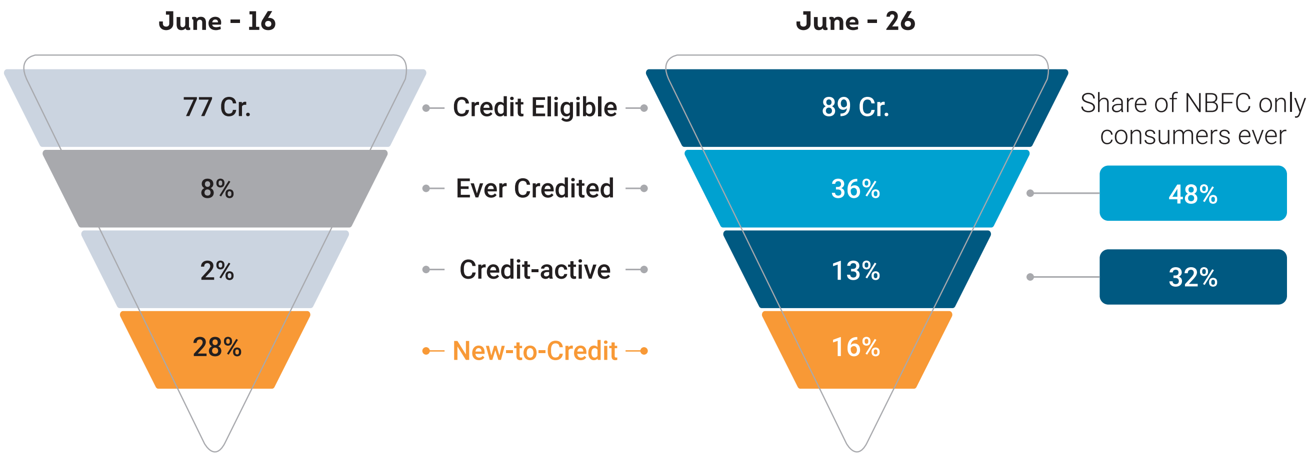
COMMERCIAL LENDING
Low-risk commercial entities increased from 14% to 51%

Source: TransUnion CIBIL

NBFC IN RETAIL LENDING

Nearly one-third of India has accessed credit at least once through NBFCs

NBFC CONSUMER'S SHARE OF CREDIT ELIGIBLE



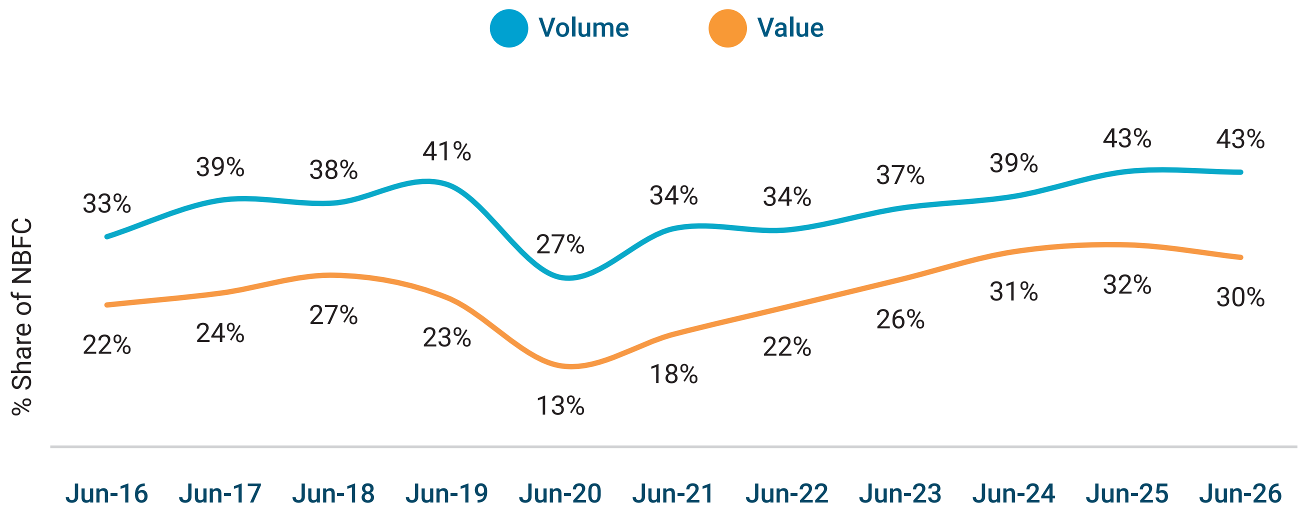
NBFCs have played a pivotal role in financial inclusion, with 36% of credit-eligible consumers having accessed credit from an NBFC and 46% of all credit-active consumers currently holding an NBFC loan. However, there remains significant scope to deepen engagement, as the share of NBFC credit-active consumers who are credit-served declined from 62% in June 2016 to 56% in June 2026 along with a reduction in NTC consumers from 21% to 15% over the same period.

NBFC includes NBFC and HFC | Credit eligible is the total adult population aged between 18 and 60 as of period end; | Ever credited are consumers who have ever availed a retail loan from an NBFC as of period end; | Credit-active consumers are those who have at least 1 NBFC retail loan with balance or limit reported on the portfolio date; | New-to-Credit are consumers who originated their first ever loan from an NBFC (reported on retail bureau) of the total consumer originations from NBFCs in the 3-month ending period; | Credit Served are NBFC Credit-active consumers with more than 1 year credit experience with retail bureau and have availed more than 1 product type ever reported on retail bureau.

Source: TransUnion CIBIL

NBFCs are driving growth across lending in India - Underscores NBFCs' increasingly important role in the credit ecosystem

NBFC'S SHARE IN ORIGINATIONS - 3M ENDED PERIOD



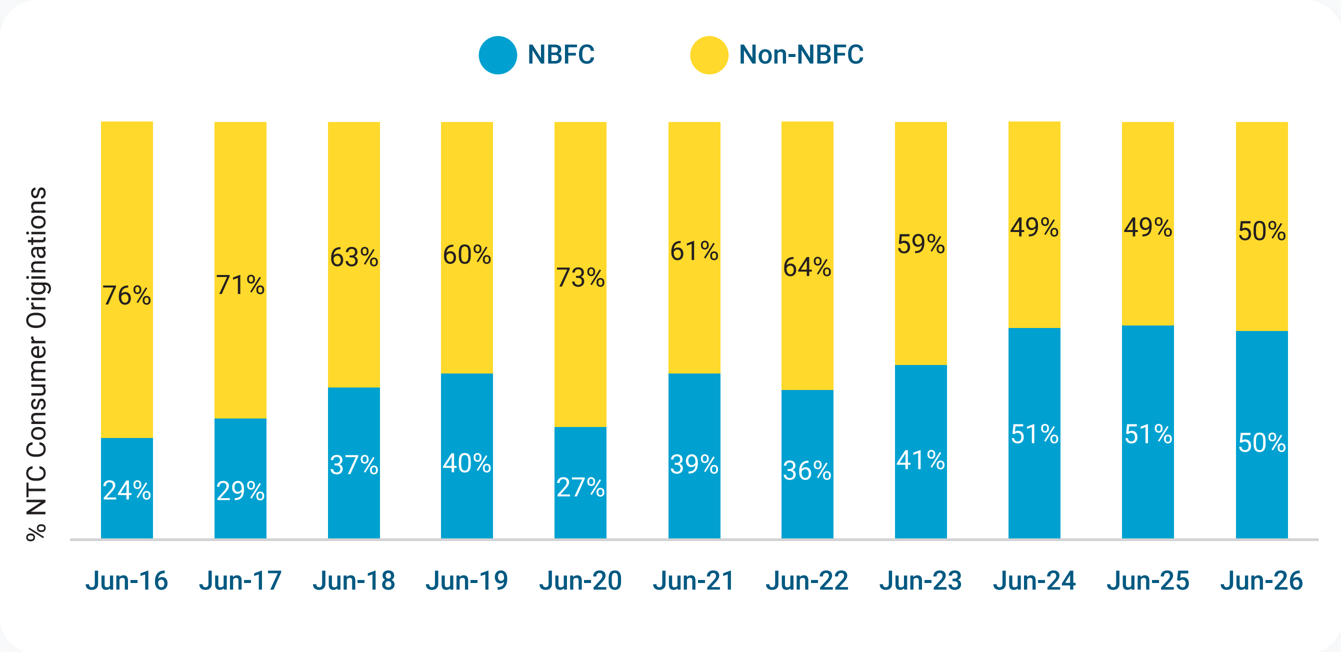
The persistent gap between volume share and value share suggests NBFCs have successfully scaled customer reach and inclusion; the next phase of growth lies in deepening wallet share through larger-ticket and more diversified lending products

NBFC includes NBFC and HFC

Source: TransUnion CIBIL

NBFCs are a pillar of financial inclusion in India - They are increasingly bringing in more consumers into the formal credit ecosystem

GROWTH IN NBFC'S SHARE IN NEW-TO-CREDIT CONSUMER ORIGINATIONS - 3M ENDED PERIOD



NBFCs have played a pivotal role in expanding formal credit access, consistently driving growth in New-to-Credit consumer originations. As of the latest period, they bring in close to half of New-to-Credit consumers into the formal financial ecosystem

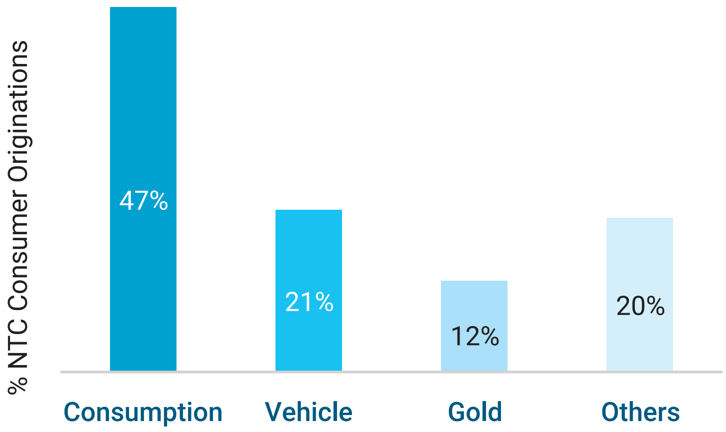
New-to-Credit are consumers who originated their first ever loan (reported on retail bureau) of the total consumer originations in the 3-month ending period | NBFC includes NBFC and HFC; Non-NBFC includes Public sector banks, Private banks (including Foreign banks), Small finance banks, FinTechs, Regional Rural banks, Cooperative banks, and others

Source: TransUnion CIBIL

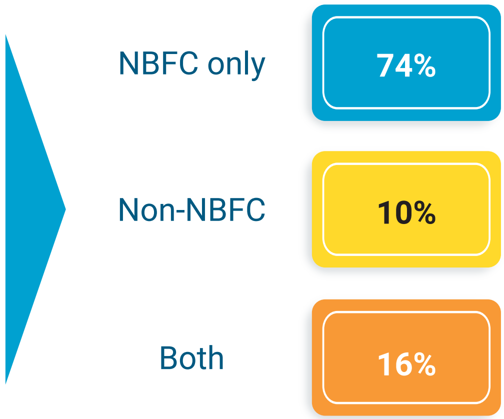
Higher proportion of NTC borrowers start credit journey with Consumption products and are serviced mainly by NBFCs

PRODUCT AND LENDER MIX FOR NBFC NEW-TO-CREDIT CONSUMER ORIGINATIONS

Products Availed by NBFC NTC Consumers in 3M ended Jun-24



Lender Mix for 6M ended Jun-24 NBFC NTC Consumers who are Live at Jun-26*



NBFCs have played a pivotal role in expanding formal credit access, consistently driving growth in New-to-Credit consumer originations. As of the latest period, they bring in close to half of New-to-Credit consumers into the formal financial ecosystem

NBFC includes NBFC and HFC; Non-NBFC includes Public sector banks, Private banks (including Foreign banks), Small finance banks, FinTechs, Regional Rural banks, Cooperative banks, and others | New-to-Credit are consumers who originated their first ever loan (reported on retail bureau) of the total consumer originations in the 3-month ending period | *44% NTC NBFC consumers did not have a live loan at Jun-26 | Others includes business-oriented loans (11%), mortgage (5%), and all others (4%)

Source: TransUnion CIBIL

NBFCs are focused on lower ticket sizes and equally diversified as Banks in tier distribution

SHARE OF ORIGINATION VALUE 6M ENDED JUN-26

Ticket Size	NBFC	Banks
Up to 2L	27%	12%
2L to 5L	19%	19%
5L to 10L	16%	16%
10L to 25L	15%	17%
25L+	23%	36%

Tier	NBFC	Banks
Metro	35%	34%
Urban	20%	22%
Semi-urban	28%	29%
Rural	17%	17%

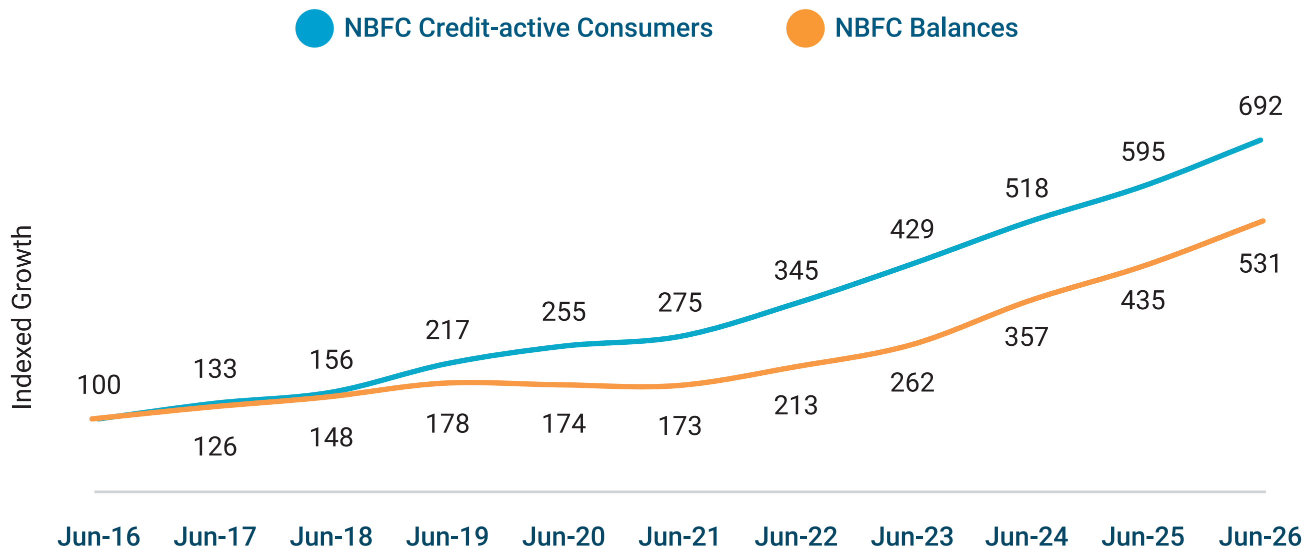
NBFCs have more than 86 % loans in up to 2L category by trade count compared to 58% for Banks
NBFCs have more than 58 % loans in SuRu locations by trade count compared to 60% for Banks

NBFC includes NBFC and HFC; Banks include Public sector banks and Private banks

Source: TransUnion CIBIL

NBFCs have grown ~7x by Credit-active consumers which is a ~2.5x faster growth than the overall credit industry

GROWTH IN NBFC CREDIT-ACTIVE CONSUMERS AND THEIR BALANCES



NBFCs have scaled rapidly over the last ten years, growing credit-active consumers nearly sevenfold and balances nearly fivefold, reinforcing their pivotal role in expanding credit access and supporting India's evolving lending ecosystem

Credit-active consumers are those who have at least 1 NBFC retail loan with balance or limit reported on the portfolio date | NBFC includes NBFC and HFC

Source: TransUnion CIBIL

NBFC consumers' product preferences have moved from asset to lifestyle and entrepreneurial credit

SHARE OF NBFC CREDIT-ACTIVE CONSUMERS BY PRODUCT IN WALLET AVAILED FROM NBFCS

CONSUMPTION

51% 62%

VEHICLE

27% 24%

GOLD

14% 15%

MORTGAGE

10% 7%

BUSINESS-ORIENTED

4% 11%

Jun-16 Jun-26

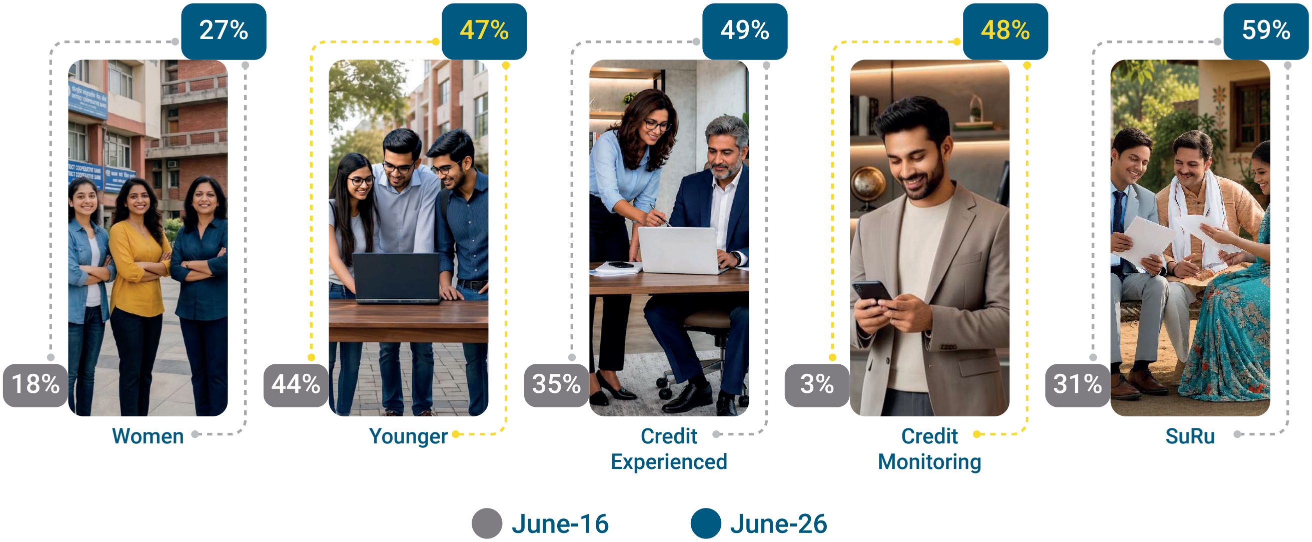
NBFC consumer preferences have shifted materially over the last decade, with growth increasingly **driven by consumption and business-oriented credit**, while traditional asset-backed products such as vehicle and mortgage loans have ceded share

NBFC includes NBFC and HFC | Consumption refers to personal loan, credit card and consumer durable loan; Vehicle refers to passenger vehicle loans like auto loans and two-wheeler loans; Gold includes gold loans and PSL-gold loans; Mortgage includes housing loan and property loan; Business-oriented refers to business loans given to individuals, construction equipment loan and commercial vehicle loan.

Source: TransUnion CIBIL

Deeper geographies and credit awareness have driven this growth

SHARE OF NBFC CREDIT-ACTIVE CONSUMERS



NBFCs have successfully broadened credit access beyond traditional customer segments, driving strong participation from women (+9pp), credit monitoring (+45pp), credit-experienced borrowers (+14pp), and SuRu geographies (+28pp)

NBFC includes NBFC and HFC | Younger consumers are aged less than 35 | Credit Experienced are consumers who have been in the retail bureau for more than 5 years | Credit-monitoring consumers are consumers who monitored their credit with TransUnion CIBIL in last one year from period end. Share is from Jun 18 to Jun 26 | SuRu refers to Semi-urban and rural regions.

Source: TransUnion CIBIL

Demographic diversity – Rise of the Credit-Confident Woman in NBFC Lending

SHARE OF NBFC CREDIT-ACTIVE WOMEN CONSUMERS

CREDIT MONITORING

0% 26%

YOUNGER

37% 38%

WOMEN

18% 27%

SuRu

29% 60%

LOW RISK

63% 67%

Jun-16 Jun-26

Significant growth in women-led NBFC consumption lending: **+11pp increase to 42% (Jun-26)**

Rising gold loan share: **Increased +10pp to 16% (Jun-26)**

NBFC includes NBFC and HFC | Credit-monitoring consumers are consumers who monitored their credit with TransUnion CIBIL in last one year from period end. Share is from Jun-18 to Jun-26 | Younger consumers are aged less than 35 | SuRu refers to semi-urban and rural regions | Low-risk consumers are consumers with an Enhanced CV Score above 730. Share is from Jun-19 to Jun-26 | Consumption refers to personal loan, credit card and consumer durable loan; Gold includes gold loans and PSL-gold loans.

Source: TransUnion CIBIL

Demographic diversity - Digitally Engaged and Credit-Aware Younger Consumers are Powering NBFC Expansion

SHARE OF NBFC CREDIT-ACTIVE YOUNGER CONSUMERS

CREDIT MONITORING

4% 58%

LOW RISK

54% 58%

YOUNGER

44% 47%

SuRu

33% 45%

CREDIT EXPERIENCED

20% 32%

June-17 June-26

Strong growth in younger NBFC consumption lending: **+16pp increase to 66% (Jun-26)**

Business-oriented NBFC lending consumer share increased by **6pp to 9% (Jun-26)**

NBFC includes NBFC and HFC | Younger consumers are aged less than 35 | Credit-monitoring consumers who monitored their credit with TransUnion CIBIL in last one year from period end. Share is from Jun-18 to Jun-26 | Low risk consumers are consumers with Enhanced CV Score above 730. Share is from Jun-19 to Jun-26 | SuRu refers to semi-urban and rural regions | Credit Experienced are consumers who have been in the retail bureau for more than 5 years | Consumption refers to personal loan, credit card and consumer durable loan; Business-oriented refers to business loans given to individuals, construction equipment loan and commercial vehicle loan.

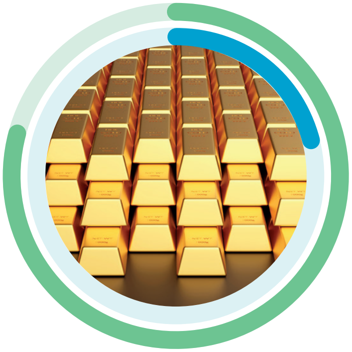
Source: TransUnion CIBIL

Credit Awareness - Improving Risk and Preferences of Mature Borrowers

SHARE OF NBFC CREDIT-MONITORING CONSUMERS

LOW RISK

56% 63%



GOLD LOAN

4% 15%

CREDIT MONITORING

3% 48%

SuRu

22% 51%

CREDIT EXPERIENCED

52% 56%

June-18 June-26

Vehicle finance stable at **22% (Jun-26)**

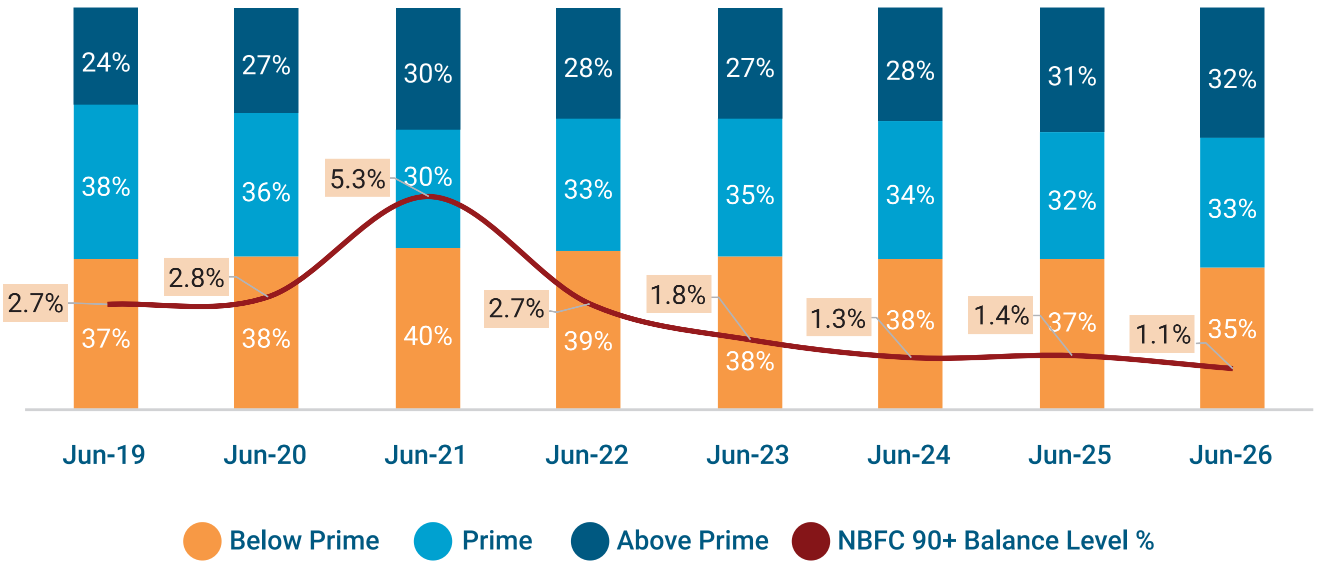
Robust increase in Business-oriented NBFC consumer share: **+6pp increase to 11% (Jun-26)**

NBFC includes NBFC and HFC | Credit-monitoring consumers are consumers who monitored their credit with TransUnion CIBIL in last one year from period end. Share is from Jun-18 to Jun-26 | Low risk consumers are consumers with Enhanced CV Score above 730. Share is from Jun-19 to Jun-26 | Gold includes gold loans and PSL-gold loans | SuRu refers to semi-urban and rural regions | Credit Experienced are consumers who have been in the retail bureau for more than 5 years | Vehicle refers to passenger vehicle loans like auto loans and two-wheeler loans; Business-oriented refers to business loans given to individuals, construction equipment loan and commercial vehicle loan.

Source: TransUnion CIBIL

Credit Inclusion and Risk Evolution - NBFCs bridge credit access for underserved borrowers while expanding prime segments

SHARE OF NBFC CREDIT-ACTIVE CONSUMERS BY ENHANCED CV SCORE



NBFCs have sustained their position as lenders of inclusion, maintaining strong exposure to subprime borrowers while progressively improving portfolio quality through higher representation of prime and above-prime consumers

NBFC includes NBFC and HFC I Credit monitoring improvers are those NBFC consumers who enrolled for TransUnion CIBIL provided credit monitoring services for the first time between Apr-24 through Mar-25 and had a subprime (300- 690) score a month prior to enrollment. Cure rate is calculated as of all accounts which were delinquent (DPD 30+) a month prior to enrollment and DPD = 0 at 12 months after enrollment. Non-Monitoring refers to similar risk- and age-controlled Credit-active NBFC population who never monitored ever; Younger consumers are aged less than 35; Business-oriented refers to business loans given to individuals, construction equipment loan and commercial vehicle loan.

Source: TransUnion CIBIL

From Traditional Strongholds to National Diffusion - NBFCs are rewriting India's Credit Inclusion Dispersion Map

SHARE OF NBFC CREDIT-ACTIVE CONSUMERS BY STATE

State	June-17	June-26
Uttar Pradesh	5%	11%
Madhya Pradesh	3%	5%
Gujarat	7%	5%
Maharashtra	16%	11%
Karnataka	9%	7%
Bihar	1%	5%
West Bengal	5%	6%
Telangana	6%	5%
Andhra Pradesh	4%	5%
Tamil Nadu	10%	9%

June-17 June-26

NBFC includes NBFC and HFC | This map is a generalized approximate illustration only, and is not intended to be used for reference or quotation purposes.

Source: TransUnion CIBIL

Credit Awareness - Credit Monitoring Improves Outcomes

PRODUCT-LEVEL CURE RATE FOR CREDIT MONITORING NBFC IMPROVERS VS NON-MONITORING NBFC IMPROVERS

	CREDIT MONITORING	NON-MONITORING
OVERALL	52%	48%
YOUNGER	54%	50%
WOMEN	54%	51%
BUSINESS-ORIENTED	50%	45%

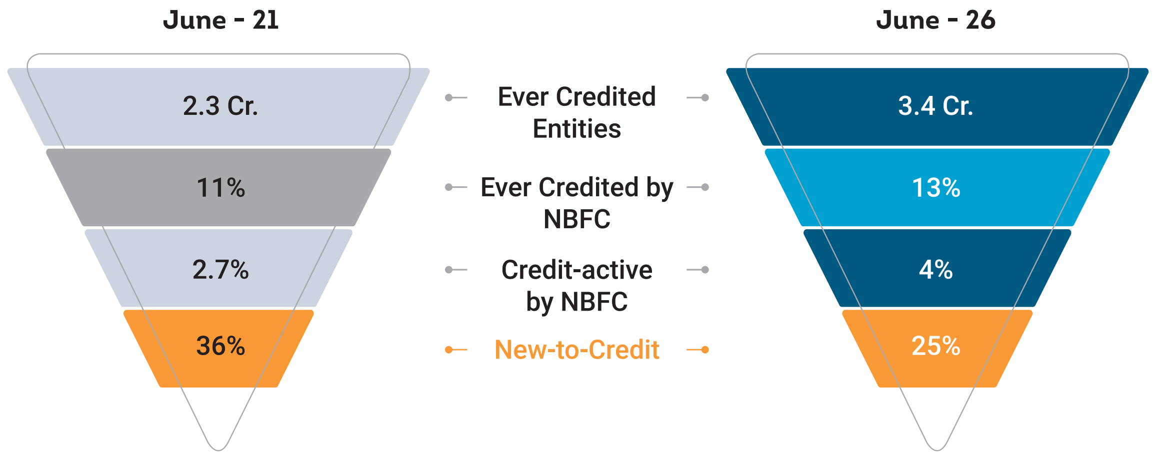
NBFC includes NBFC and HFC I Credit monitoring improvers are those NBFC consumers who enrolled for TransUnion CIBIL provided credit monitoring services for the first time between Apr-24 through Mar-25 and had a subprime (300- 690) score a month prior to enrollment. Cure rate is calculated as of all accounts which were delinquent (DPD 30+) a month prior to enrollment and DPD = 0 at 12 months after enrollment. Non-Monitoring refers to similar risk- and age-controlled Credit-active NBFC population who never monitored ever; Younger consumers are aged less than 35; Business-oriented refers to business loans given to individuals, construction equipment loan and commercial vehicle loan.

Source: TransUnion CIBIL

NBFC IN COMMERCIAL LENDING

NBFCs Enabling Growth to Nano and Micro Enterprises

NBFC ENTITY'S SHARE OF EVER CREDITED ENTITIES



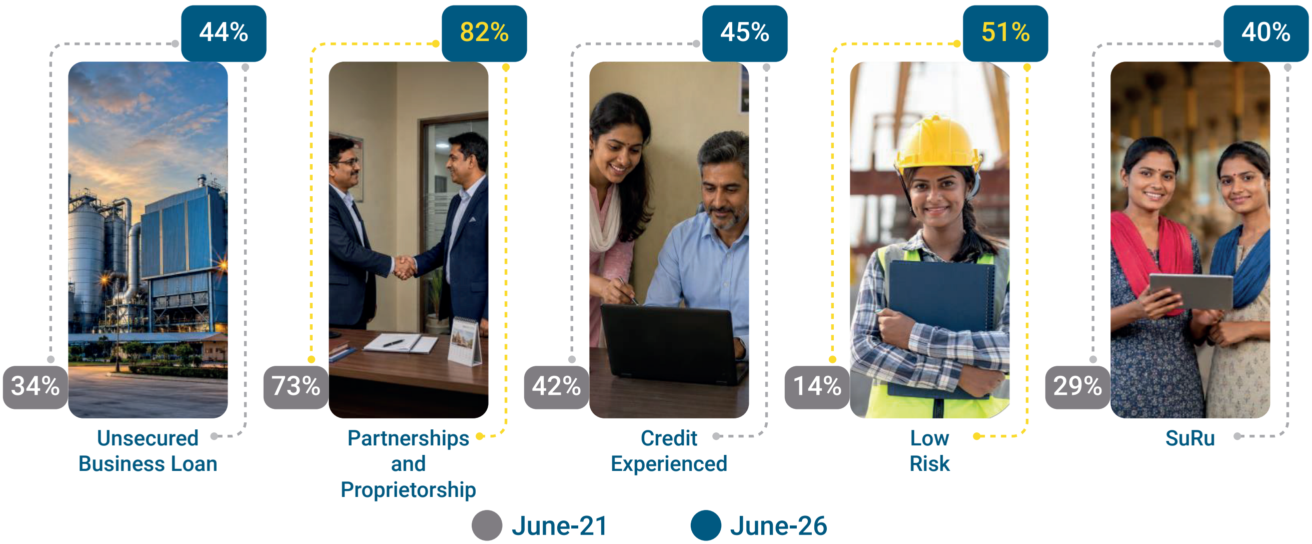
NBFCs have steadily expanded their presence in commercial lending over the past five years, with their share of overall credit-active entities increasing from 10% to 18%. This growth was driven by a ~2.2x increase in NBFC-served credit-active entities, outpacing the overall commercial lending growth of 1.2x. As the pace of New-to-Credit originations moderates, NBFCs have a significant opportunity to further grow share within this segment.

NBFC includes NBFC and HFC | Credit eligible is the CII reported entity population as of period end; Ever credited are entities who have ever availed a commercial loan as of period end; Credit-active entities are those who have at least 1 commercial loan with balance or limit reported on the portfolio date; New-to-Credit are entities who originated their first ever loan (reported on commercial bureau) of the total entity originations in the 3-month ending period; Commercial entities with exposure up to INR 100 crore have been considered as of period end.

Source: TransUnion CIBIL

Moving Up the Quality Curve – NBFCs are gaining share among established, low-risk commercial entities while maintaining broad-based growth across segments

SHARE OF NBFC CREDIT-ACTIVE ENTITIES



NBFC share has increased across all key commercial segments, with particularly strong gains among low-risk entities (14% to 51%), credit-experienced entities (42% to 45%), and partnerships/proprietorships (73% to 82%). This suggests NBFCs are increasingly competing beyond underserved segments and strengthening their position in mainstream commercial lending

NBFC includes NBFC and HFC | Credit Experienced are entities who have been in the commercial bureau for more than 4 years; Low Risk - CIBIL Commercial Rank (1-3); SuRu refers to semi-urban and rural regions.

Source: TransUnion CIBIL

The next decade of opportunity for NBFCs

Gateway to Formal Credit

Acquiring first-time borrowers early in their credit journey strengthens their position as the preferred entry point into the formal credit ecosystem

Monetise Deeper

Building enduring customer relationships through responsible credit engagement, leveraging credit monitoring and customer loyalty to improve retention and long-term value creation

Product Diversification

Expanding wallet share through a diversified multi-product lending ecosystem, enabling customers to graduate from starter products into consumption, business, secured lending, and other higher-value credit needs over their lifecycle

NBFCs have emerged as one of the most powerful drivers of financial inclusion in India, bringing millions of consumers and enterprises into the formal credit ecosystem. As India's credit market continues to evolve, NBFCs will remain central to expanding access, fostering economic participation, and enabling inclusive growth across the country.

Source: TransUnion CIBIL

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Source: TransUnion CIBIL

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