

TransUnion^{tu} CIBIL

SHIFTING GEARS 2026

CREDIT DRIVES TODAY'S MOBILITY



S E P T E M B E R 2 0 2 6

BHAVESH'S FOREWORD



Bhavesh Jain
MD & CEO, TransUnion CIBIL

India's personal vehicle finance market has come a long way. What began as a cautious recovery from pandemic-era disruptions has steadily transformed into one of the most dynamic chapters in the country's retail credit story. As we step back and examine the data, the scale of that transformation is striking.

That is what we set out to address with this report. The Shifting Gears 2026 – Credit Drives Today's Mobility draws on our credit data and research to give lenders a clear, grounded view of where India's two-wheeler and passenger vehicle financing markets stand today. It examines how borrower profiles have changed, what drives lifetime value in two-wheeler portfolios, how affordability pressures are reshaping passenger vehicle loan structures and what these trends mean for portfolio strategy going forward.

Across both two-wheeler and passenger vehicle financing, borrower behaviour, portfolio composition, and lender strategies have evolved considerably over the past seven years. Two-wheeler loan portfolio balances have

grown three times over since the pandemic, driven not just by volume but by a meaningfully different kind of borrower. There is a shift towards credit-experienced and credit-tested borrowers. It reflects a fundamental change in who is entering the formal credit system and how prepared they are to participate in it.

At TransUnion (TU) CIBIL, our role has always been to bring clarity to complexity. The credit ecosystem doesn't sit still. Borrower profiles evolve, geographies shift, and new financing pathways emerge, whether through used vehicle markets, digital journeys or the expanding footprint of NBFCs and private banks. Our responsibility is to make sure that the data and insights we provide help lenders stay ahead of that change.

A few themes stand out. The rise of credit-experienced borrowers entering the personal vehicle finance market signals a more sophisticated market. The growing share of semi-urban and rural originations points to a broadening of financial inclusion. And the data on subsequent product uptake among two-wheeler borrowers tells a compelling story about the long-term value of getting the first lending relationship right.

I am confident this report will serve as a practical resource for lenders as they think through what these shifts mean for their own strategies. India's auto industry stands at an inflection point. As incomes rise and vehicle ownership comes within reach of a broader cross-section of Indians, the personal vehicle sector is well-positioned for sustained expansion, and organized credit will be central to translating that demand into access. At the same time, the decisions lenders make today will shape who gets access to that opportunity tomorrow. As the market continues to evolve, success will depend not only on extending credit, but on doing so responsibly, inclusively, and with a long-term view of customer value.

TABLE OF CONTENTS

1	Executive Summary	01
2	Two-Wheeler Loans	02
3	Passenger Vehicle Loans	09

EXECUTIVE SUMMARY

India's personal mobility financing market is entering a new phase of growth, driven by expanding vehicle ownership aspirations, rising financing penetration, and deeper credit access across emerging consumer segments.

Consumers in semi-urban and rural geographies are contributing an increasing share in originations. 61% of origination in H1 2026 were from consumers in semi-urban and rural geographies, as compared to 56% in H1 2019.

Consumers are financing higher-value purchases, driven by premiumization and growing preference for feature-rich vehicles. Average sanction amount for two-wheeler and passenger vehicle loans witnessed growth of 1.6 and 1.5 times respectively, in H1 2026 as compared to H1 2019 originations.

A rapidly evolving ownership ecosystem, supported by formal used-vehicle marketplaces, digital financing journeys and wider credit availability, has made vehicle ownership accessible to a broader set of consumers.



Key Highlights on Two-Wheeler Loans

Two-wheeler loans (TWL) continue to be a key growth engine for retail credit with 3.2x expansion in portfolio balances since 2019. NBFCs continue to play a pivotal role in expanding credit access through TWL.

- Two-wheeler loan consumer profile largely remains unchanged, with young, male, and borrowers in semi-urban and rural geographies continuing to account for a significant share in originations.
- While two-wheeler loans remain an important entry point to formal credit, the product is increasingly attracting credit-experienced and better credit quality borrowers. The share of first-time borrowers decreased by 19% and that of Prime and above-score borrowers increased by 17% for originations in H1 2026 as compared to H1 2019.
- Two out of three first-time two-wheeler borrowers continue to access additional credit products within three years, highlighting the long-term customer value and cross-sell potential of acquiring the right borrowers early.



Key Highlights on Passenger Vehicle Loans

Passenger Vehicle Loans (PVL) remain a key enabler of car ownership in India, as rising vehicle prices and growing preference for premium vehicles increase dependence on financing.

- Used-car financing has expanded access to vehicle ownership. Despite recent moderation, used-car loan originations in H1 2026 remained 1.5x above pre-pandemic levels.
- Consumers are following diverse pathways to car ownership. While Gen Z and younger millennials are entering the market as first-time car buyers, core and older millennials are increasingly financing vehicle upgrades and lifestyle aspirations.
- Credit risk score helps in differentiating performance for a given borrower. Borrower outcomes are also shaped by prior mobility credit experience, highlighting the value of deeper customer-level insights in lending decision.

Refer to the glossary section for definitions.

TWO-WHEELER

LOANS



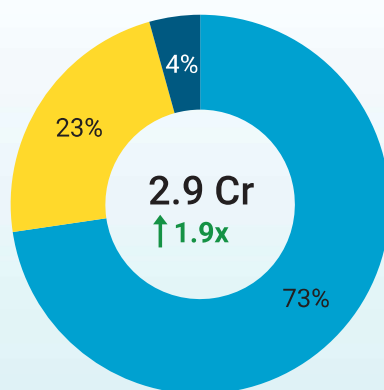
TWL – PORTFOLIO SNAPSHOT

NBFC-led credit expansion continues to drive growth in India's two-wheeler credit market



SHARE OF NBFCs IN LIVE TWO-WHEELER LOANS INCREASED BY 10%

- NBFC
(+10% since 2019)
- Pvt. Bank
- Others



KEY HIGHLIGHTS

- Lowest balance-level 90+ delinquency since 2019
- 32% of consumers hold consumption-led credit in their wallet
- Share of above prime for two-wheeler loan consumers has increased to 16% in Jun 2026 from 9% in Jun 2019



1.76 Lakh Crore

Outstanding balances

↑ 3.2x



1.4%

90+ Bal-level DPD

-128 bps



3.3 Crore

Active two-wheeler loan consumers

↑ 1.9x

All metrics are as on June 2026. Changes have been computed since June 2019 to measure growth post-pandemic.

Balance-level delinquencies are measured as percentage of balances in 90 to 179 days past due (DPD). Loan accounts with 180+ DPD has been excluded from all portfolio metrics.

Consumption-led credit includes personal loans, consumer durable loans and credit cards. Other lender categories include PSB, SFBs and co-operative banks. Consumers with enhanced CreditVision (new CIBIL) score of 801 or greater are above prime.

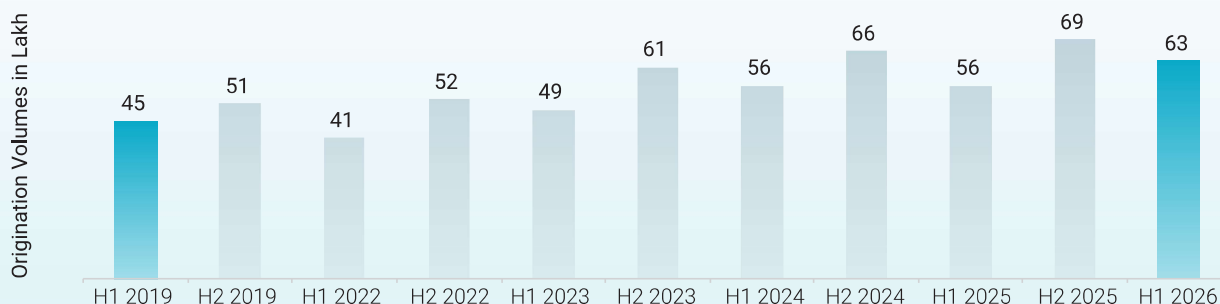
Source: TransUnion CIBIL India

TWL – ORIGINATIONS

Growth in two-wheeler loans continues to be anchored by young male borrowers and borrowers in non-metro geographies



NEW ORIGINATIONS IN TWO-WHEELER LOANS HAVE GROWN AT A CAGR OF 5% SINCE PRE-PANDEMIC BASELINE



64%

Borrowers reside in semi-urban and rural geographies

↑ +6%



43%

Borrowers are of 30 years or below

↑ +5%



79%

Borrowers are men

↑ +1%

All metrics are for originations in H1 2026, i.e. Jan-Jun 2026. Comparison for CAGR and share is since H1 2019 to measure changes since pre-pandemic baseline.

Source: TransUnion CIBIL India

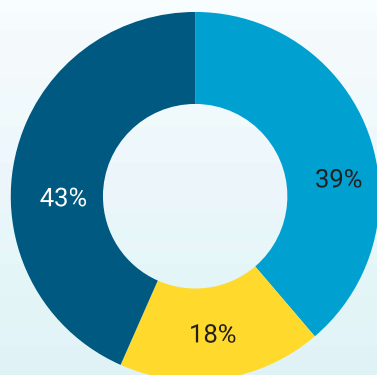
TWL – CREDIT EXPERIENCE

Two-wheeler loans remain an entry point to formal credit, while attracting an increasing share of credit-experienced borrowers who have broader credit relationships



CONSUMERS HAVE BECOME MORE CREDIT ACTIVE PRIOR TO ORIGINATING THEIR FIRST TWO-WHEELER LOANS

- First-time Borrower
- Less than 2 Years Credit History
- More than 2 years of Credit History (+16%)



BROADER CREDIT RELATIONSHIPS

- 18% of consumers have prior experience in consumer durable loans
- 16% of consumers have prior experience in gold loans
- 8% of consumers have prior experience in agriculture-led credit products
- 12% of consumers have at least 1 active credit card at time of two-wheeler loans origination



39%

First-time borrower

↓ - 19%



62%

Credit-experienced borrowers with 2+ live loans

↑ +13%



21%

Repeat two-wheeler loans borrower

↑ + 3%

All metrics are for originations in H1 2026, i.e. Jan-Jun 2026. Comparison for share shift is since H1 2019 to measure changes since pre-pandemic baseline. Share of consumers with prior credit experience in a credit product is computed for consumers who ever opened the respective credit product prior to two-wheeler loans. These loans may or may not be active at the time of two-wheeler loan origination.

Source: TransUnion CIBIL India

TWL – SUBSEQUENT PRODUCTS

2 out of 3 two-wheeler loan borrowers continue to be credit active post two-wheeler loans, creating substantial credit opportunities beyond the initial loan

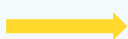


TOP CREDIT PRODUCTS IN NEXT 3 YEARS & AVG. SANCTION AMOUNT



Consumer Durable Loan

41%

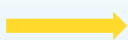


₹ 23K



Personal Loan (>50K)

21%

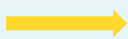


₹ 247K



Gold Loan

18%



₹ 140K



Credit Card

14%



₹ 84K

68%

Consumers originating two-wheeler loans in H2 2022 originated another credit product by H2 2025

THE SUBSEQUENT PRODUCT OPEN RATE IS HIGHER FOR SELECT SEGMENTS

- 71% of younger (18-35 years) borrowers
- 84% of credit-experienced (>2 years of credit history) borrowers
- 77% of metro and urban borrowers

Share of consumers who originated loans in the next 3 years of two-wheeler loan originations are not mutually exclusive. 1 consumer can originate multiple credit products. However, 1 customer is counted only once in case of multiple originations of the same product. Average sanction amount is considered for all loan originations for a given product.

Source: TransUnion CIBIL India

TWL – CROSS-SELL OPPORTUNITY

Cross-sell opportunities beyond the initial TWL emerge within 12-18 months, including high-value products such as auto and home loans

81%

TWL consumers who have credit experience of 2 or more years originate another product within 3 years of originating first TWL, 13% higher than overall population

~13% originate another two-wheeler loan

CC	CDL	GL	PL>50K	PVL	HL
 11 Months Since TWL Origination	 12 Months Since TWL Origination	 12 Months Since TWL Origination	 13 Months Since TWL Origination	 18 Months Since TWL Origination	 18 Months Since TWL Origination
 23% Share of Borrowers	 46% Share of Borrowers	 29% Share of Borrowers	 32% Share of Borrowers	 8% Share of Borrowers	 5% Share of Borrowers
 0.94 Avg. Sanction Amount (₹ Lakh)	 0.26 Avg. Sanction Amount (₹ Lakh)	 1.3 Avg. Sanction Amount (₹ Lakh)	 2.9 Avg. Sanction Amount (₹ Lakh)	 8.2 Avg. Sanction Amount (₹ Lakh)	 23.7 Avg. Sanction Amount (₹ Lakh)
 2.1% Accounts Ever 60+ DPD in 6 Months	 1.8% Accounts Ever 60+ DPD in 6 Months	 1.2% Accounts Ever 60+ DPD in 6 Months	 2.2% Accounts Ever 60+ DPD in 6 Months	 1.4% Accounts Ever 60+ DPD in 6 Months	 1.4% Accounts Ever 60+ DPD in 6 Months

CC – Credit Card | CDL – Consumer Durable Loan | GL – Gold Loan | PL > 50K – Personal Loan above ₹50,000 | PVL – Passenger Vehicle Loan | HL – Home Loan

Measured for consumers who originated first TWL in H2 2022 and had 2 or more years of credit history. This segment represents 28% of all first-time two-wheeler loan borrowers.

Source: TransUnion CIBIL India

Strategies for Higher Lifetime Value



IDENTIFY HIGH-POTENTIAL BORROWERS

As first-time borrowers' contribution moderates, growth in TWL will increasingly be driven as much by **identifying and upgrading existing consumers** as acquiring new ones.



ENGAGE THROUGH CREDIT AWARENESS

A recent TransUnion CIBIL study* found that TWL consumers with 30+ DPD who monitored their credit report were more likely to regularize their obligations within 12 months than those who did not. Credit education can support both portfolio quality and long-term customer engagement.



GRADUATE TO HIGHER-VALUE RELATIONSHIPS

Identifying good candidates for **cross-sell opportunities will unlock higher financial value than optimizing** for stand-alone TWL profitability.

FINAL TAKEAWAY

Lenders that identify, engage and graduate high potential borrowers will be best positioned to unlock higher lifetime value from two-wheeler borrowers

*Refer to the glossary section for details on methodology for credit monitoring study.

PASSENGER VEHICLE LOANS

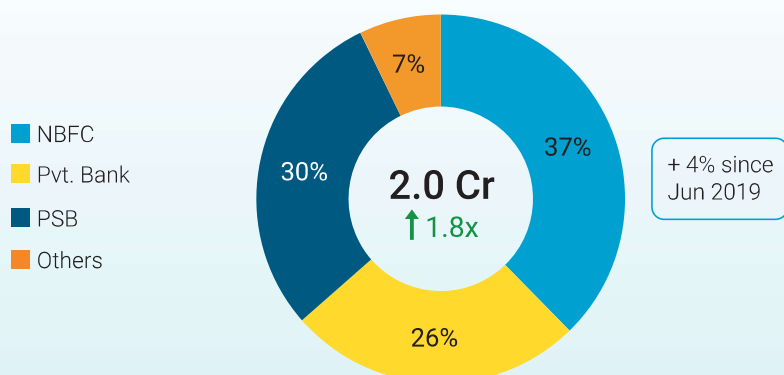


PV – PORTFOLIO SNAPSHOT

Passenger vehicle borrowers maintain broader credit relationships and multiple-vehicles borrowing behaviour



LENDER MIX OF LIVE PASSENGER VEHICLE LOANS



BROADER CREDIT RELATIONSHIPS

- 47% of consumers hold consumption-led credit
- 7% of consumers also hold a live two-wheeler loan
- 2% of consumers hold three or more passenger vehicle loans



11 Lakh Crores

Outstanding Balances

↑ 2.6x



0.5%

90+ Bal-level DPD

-95 bps



2.5 Crore

Active Consumers

↑ 1.7x

All metrics are as on June 2026. Changes have been computed since June 2019 to measure growth post-pandemic. Balance-level delinquencies are measured as percentage of balances in 90 to 179 days past due (DPD). Loan accounts with 180+ DPD has been excluded from all metrics.

*Car loans reported under used car loans or auto loans of sanction amount ₹50K-2.5L has been considered as used car loans. Auto loans of sanction amount ₹50K or less has been excluded to remove impact of insurance riders.

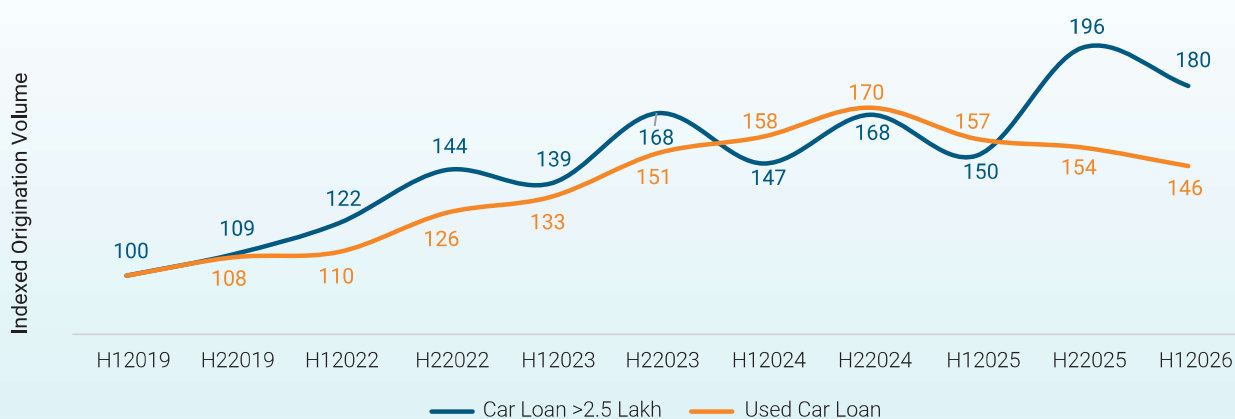
Source: TransUnion CIBIL India

PV – ORIGINATIONS

Consumers are managing affordability pressures through financing choices - used-car loans, higher loan amounts and longer repayment tenures



NEW ORIGINATIONS IN PASSENGER VEHICLE LOANS HAVE BEEN DRIVEN BY STEEP GROWTH IN USED CAR LOANS



24%

Originations are toward used cars

↓ -4%



62 Months

Average tenure in months

↑ +5M



₹ 8.2 Lakh

Average Sanction Amount

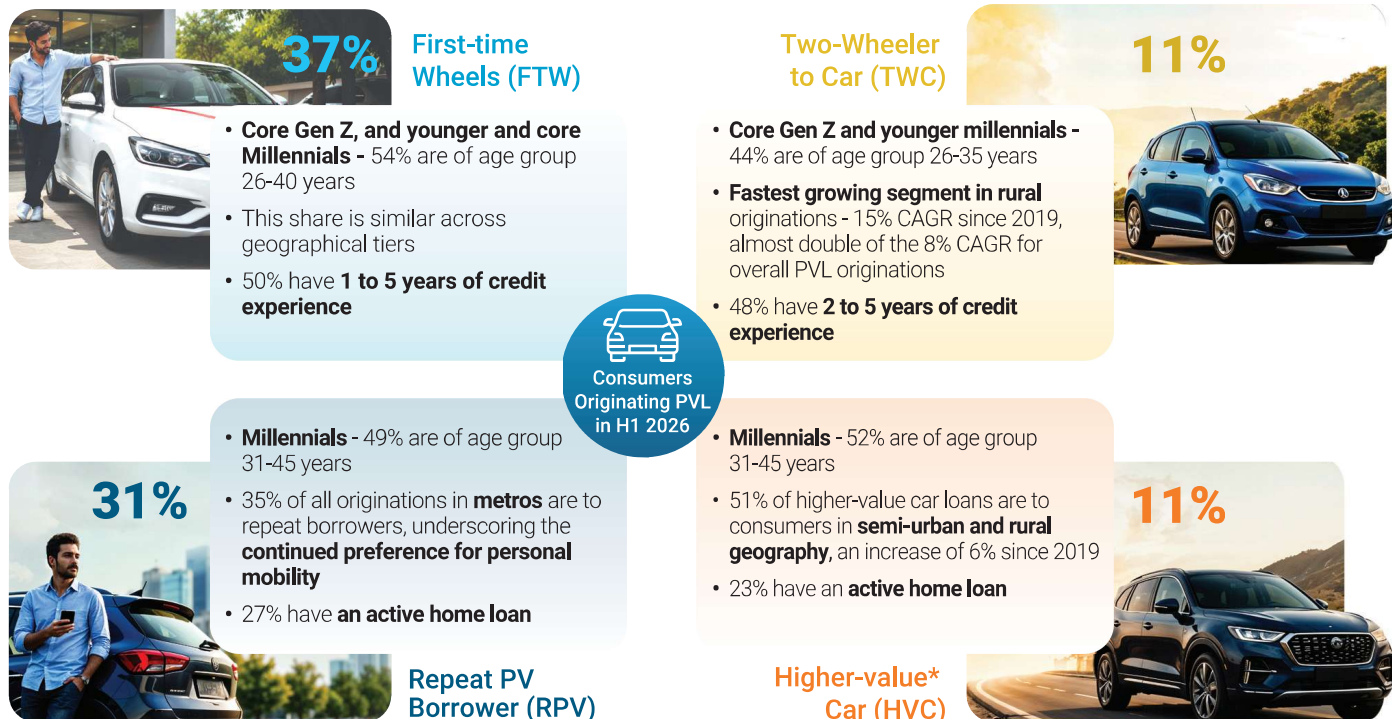
↑ +49%

All metrics are for originations in H1 2026, i.e. Jan-Jun 2026. Comparison for share shift is since H1 2019 to measure changes since pre-pandemic baseline. Includes loans reported by credit institutions under used car, along with auto loans of sanction amount ₹50,000-2,50,000 that are used as proxy for used car loans. Car loans of sanction amount ₹50K or less has been excluded to remove impact of insurance riders.

Source: TransUnion CIBIL India

PV – BORROWER PROFILE

Consumers follow different pathways to car ownership, shaped by their credit and mobility journeys



KEY HIGHLIGHTS

- Borrowers are increasingly **credit-experienced** – only 10% borrowers in H1 2026 were new-to-credit as compared to 19% in 2019
- **Rural geography** has witnessed **the highest growth** in all consumer segments
- **Gen Z and younger millennials** are buying their **first car**, while core and older millennials are financing lifestyle through car purchase

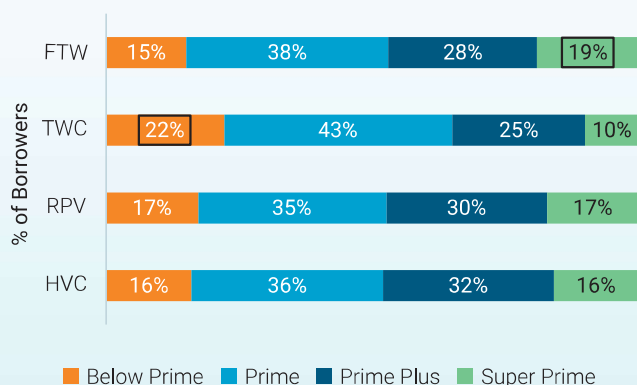
Refer to the glossary for age classifications for Gen Z and Millennials. RPV includes borrowers refinancing their existing car loan with a different lender. Upgrade to higher value vehicle is calculated if the sanction amount of originated passenger vehicle loan is higher than 10% or more than the sanction amount for previous passenger vehicle loan.

Source: TransUnion CIBIL India

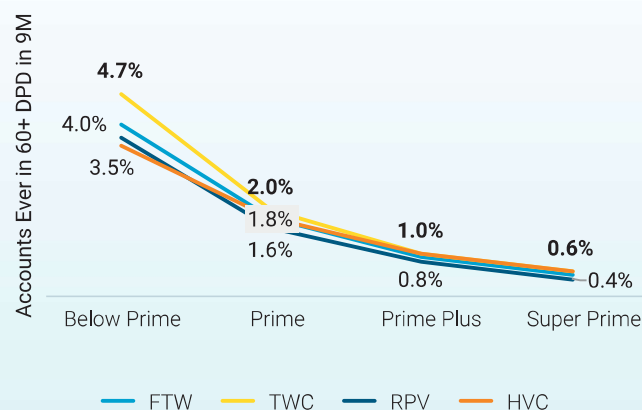
PV – RISK IMPLICATIONS

Both risk and prior mobility credit experience influence performance on car loans

TWC borrowers skew towards higher risk, while FTW borrowers skew towards lower risk profile



Vintage delinquencies rank orders with risk; TWC borrowers have higher delinquency in high-risk tiers



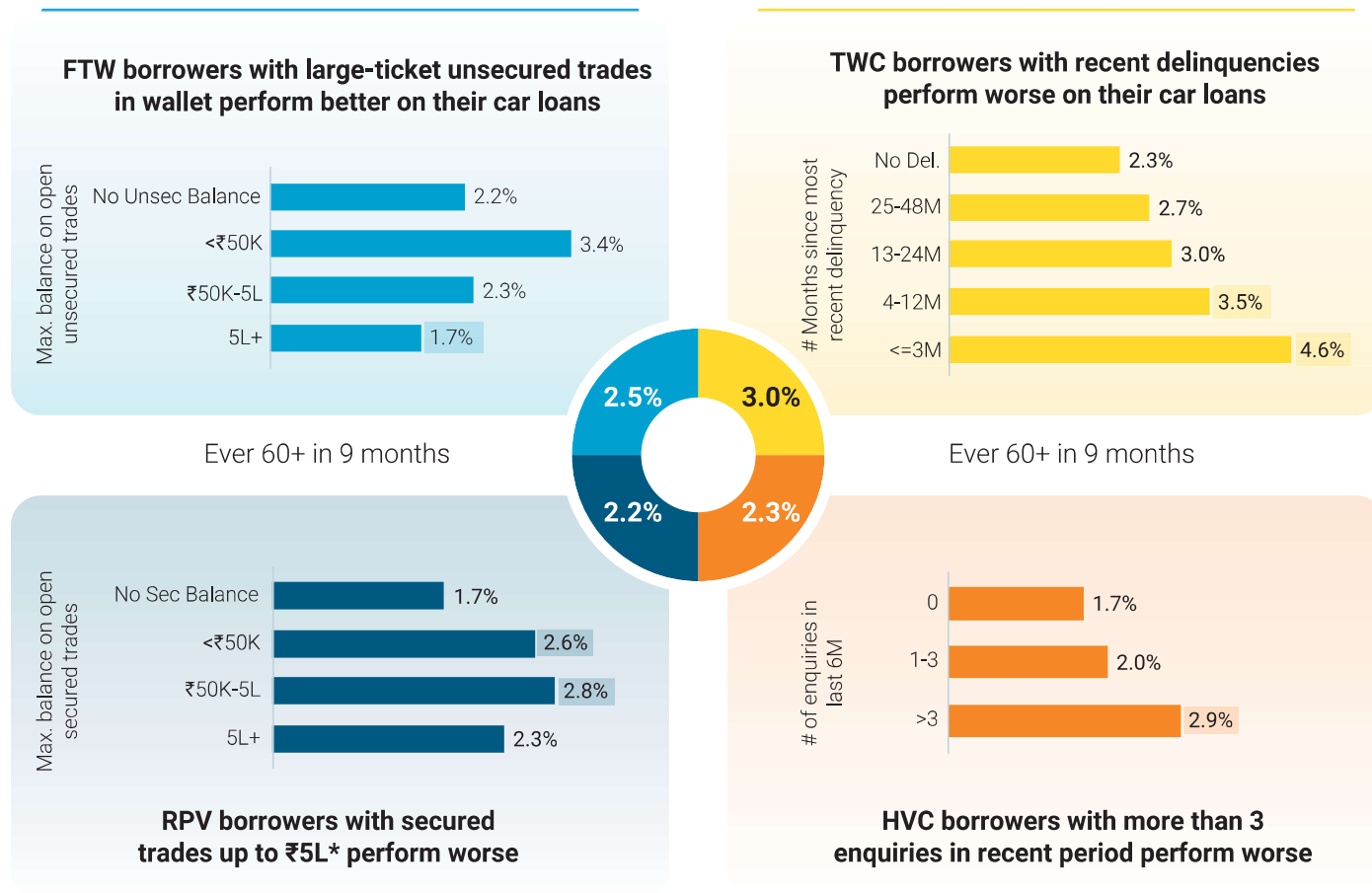
Risk distribution is shown for originations in H12025, i.e., Jan-Jun 2025 and delinquency rate is measured as accounts ever in 60 days past due within 9 months since originations, i.e. up to June 2026. Enhanced CreditVision (eCV v4) score ranges are: Below prime = 300-730; Prime = 731-800; Prime plus = 800-850; Super prime = 851-900

- Performance improves for TWC borrowers as score improves, reiterating the efficiency of underwriting based on borrower risk, not just underlying asset value for car loans.
- Even though FTW borrowers have lowest share of below prime, their vintage delinquency rates are second to TWC, indicating need for segmenting risk further based on the borrower's overall credit experience.

Source: TransUnion CIBIL India

Recent consumer behaviour can improve risk selection – within the same risk band, delinquency varies up to 160 basis points higher than the average

DELINQUENCY FOR H1 2025 ORIGINATIONS BY PRIME AND BELOW (CIBIL SCORE <=800) CONSUMERS



Population distribution for each sub-segment is at least 5%. Numbers in the circle represent average delinquency in respective segment for prime & below consumers, *Secured trades up to ₹5L includes existing vehicle loans, gold loans, secured business loans, micro property loan up to ₹2L.

Source: TransUnion CIBIL India

STRATEGIES FOR PROFITABLE GROWTH



WIN THE AFFORDABILITY GAP

As vehicle prices rise and consumers gravitate toward premium and SUV segments, financing will become increasingly critical to sustaining demand. Lenders that effectively **balance affordability, tenure, and product flexibility** will be best positioned to capture future growth.



ALIGN CAMPAIGNS TO OWNERSHIP PATHWAYS

Passenger vehicle borrowers are entering the market through diverse pathways, from first-time car ownership and two-wheeler upgrades to vehicle replacement and premiumization. Differentiated propositions across these journeys can unlock higher acquisition efficiency and customer lifetime value.



UNDERWRITING BEYOND THE SCORE

Borrowers with similar CIBIL scores can exhibit materially different performance outcomes. Incorporating trended credit behaviour, repayment patterns, enquiry activity, and credit exposure can help lenders improve risk selection and support profitable growth.

FINAL TAKEAWAY

Success in passenger vehicle loans will increasingly depend on financing aspirations, anticipating ownership transitions, and underwriting with deeper customer intelligence

DEFINITIONS & GLOSSARY

GLOSSARY

- **Personal mobility** credit in this report refers to loans availed for two-wheeler or passenger vehicle.
- **Used car loan:** Loans reported by credit institutions under used car, along with auto loans of sanction amount ₹50,000-2,50,000 that are used as proxy for used car loans. These loans may include a loan originated to replace or transfer an existing vehicle loan from another lender, i.e., refinanced loans.
- Auto loans with a sanction amount below ₹50,000 are excluded from the analysis to remove the impact of insurance riders.
- Passenger vehicle loan (PVL): Includes both new-car loans (auto loans) and used-car loans.
- Enhanced CreditVision (eCV v4) score ranges are: Subprime = 300-670; Near prime = 671-730; Prime = 731-800; Prime plus = 801-850; Super prime = 851-900.
- **Consumption-led credit:** Credit products primarily used for consumption expenditure, including credit cards, consumer durable loans, and personal loans.
- Balance-level delinquency rate is measured as the percentage of balances that are 90 to 179 days past due for two-wheeler and passenger vehicle loans.

GLOSSARY

- For subsequent originations for TWL consumers, time to subsequent product and sanction amount are based on the first origination, in case a consumer has originated multiple accounts for same product in the observation period.
- **TransUnion CIBIL Credit Monitoring Study:** A consumer research study conducted in Q1 FY26 to assess how credit monitoring influences consumer credit behaviour and financial outcomes. The study focused on consumers who monitored their credit for the first time between April 2024 and March 2025, finding that credit monitoring helps consumers improve repayment habits, address existing delinquencies, and access credit opportunities at a higher rate than non-monitoring consumers. For delinquent TWL consumers, share of consumers who monitored their credit and were non-delinquent within 12 months was 46% as compared to 42% of consumers who didn't monitor their credit ever.
- **FTW (First-Time Wheels):** Consumer originating a passenger vehicle loan without prior wheels-finance experience.
- **TWC (Two-Wheeler to Car):** Consumer originating a passenger vehicle loan after prior two-wheeler loan experience.
- **RPV (Repeat Passenger Vehicle):** Consumer originating another passenger vehicle loan after previous passenger vehicle ownership.
- **HVC (Higher-Value Car):** Consumer financing a passenger vehicle with sanction amount at least 10% higher than the previous passenger vehicle loan.
- Borrowers are classified into generations based on year of birth as Baby Boomers (1946-1964), Gen X (1965-1979), Millennials (1980-1994), and Gen Z (1995-2010). Further breakdown for Millennials and GenZ from their credit lifecycle stage used in this report are as below:

Gen Z	Age as on 2026
Younger Gen Z	<18 Years
Emerging Gen Z	18-25 Years
Core Gen Z	26-31 Years

Millennials	Age as on 2026
Younger Millennials	32-35 Years
Core Millennials	36-40 Years
Older Millennials	41-46 Years

REPORT AUTHORS

Rahul Kotabage

Director & Head - Research
& Consulting, TransUnion CIBIL

Purav Goradia

AVP - Research & Consulting
TransUnion CIBIL

Pooja Bansal

JVP - Research & Consulting
TransUnion CIBIL



DISCLAIMER

This report is prepared by TransUnion CIBIL Limited (TU CIBIL). By accessing and using the report the user acknowledges and accepts such use is subject to this disclaimer. This report is based on collation of information, substantially, provided by credit institutions who are members with TU CIBIL. While TU CIBIL takes reasonable care in preparing the whitepaper, TU CIBIL shall not be responsible for accuracy, errors and/or omissions caused by inaccurate or inadequate information submitted to it by credit institutions. Further, TU CIBIL does not guarantee the adequacy or completeness of the information in the whitepaper and/or its suitability for any specific purpose nor is TU CIBIL responsible for any access or reliance on the report and that TU CIBIL expressly disclaims all such liability. This report is not a recommendation for rejection/denial or acceptance of any application, product nor any recommendation by TU CIBIL to (i) lend or not to lend; (ii) enter into or not to enter into any financial transaction with the concerned individual/entity. The Information contained in the report does not constitute advice and the user should carry out all the necessary analysis that is prudent in its opinion before making any decisions based on the Information contained in this whitepaper. The use of the report is governed by the provisions of the Credit Information Companies (Regulation) Act, 2005, the Credit Information Companies Regulations, 2006, Credit Information Companies Rules, 2006. No part of the report should be copied, circulated, published without prior approvals.



TransUnion CIBIL Limited:

One World Center, Tower 2A-B, 19th Floor, Senapati Bapat Marg,
Lower Parel, Mumbai, Maharashtra 400013.

© 2026 TransUnion CIBIL. All Rights Reserved.