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PREFACE

Home Credit India is a pioneering force in the world of consumer finance lending. As a leading Non-Banking Financial Company (NBFC), Home Credit has redefined the landscape of credit penetration and financial inclusion since its entry into the Indian market in 2012.

Our vision at Home Credit India is to provide financial solutions that are not only simple and transparent but also accessible to all.

We continuously meet the evolving needs of our consumers through innovative ecosystems - helping to build a more resilient world. Our financial services are designed to fit seamlessly into the daily lives of our consumers. They are powered by a dynamic and scalable technology platform, driven by extensive and proprietary data-led insights that deliver a frictionless experience. We empower consumers to live the life they want NOW, which is reflected in our brand thought **#ZindagiHit**.

Home Credit India has an employee base of 3,800, with its operations spread over 625 cities across India. The company has a strong network of around 53,000 partner shops and is growing with a consumer base of over 1.6 Cr., driven by Pan-India expansion across major markets with a range of diversified and innovative products backed by superior consumer experience.



3,800
EMPLOYEES



PRESENCE IN
625
CITIES



53,000+
PARTNER
SHOPS



TRUSTED BY
1.6 CR.+
CONSUMERS



SERVING
INDIA
SINCE 2012



**HOME
CREDIT**



MESSAGE FROM **CMO**

The lower middle class in India exhibits dynamic behavior in response to economic fluctuations and societal changes. Our recent study, “The Great Indian Wallet” unfolds a compelling narrative of their financial behavior characterized by prudent budgeting, savings-oriented mindset and resilience in navigating economic challenges in Tier 1 & 2 cities.

As the Chief Marketing Officer at Home Credit India, I am thrilled to share the key insights from this study. This study is a product of the thought that in the current digital era, financial landscape and consumer behavior is on continuous transition and we need to look at understanding it for the next billion urban lower middle class consumers. The key insights of the 2nd edition of this study point at the positive consumer sentiments, spending & savings behaviour, Tier 1 cities becoming income hubs for low-income population and consumers open to embracing not only digital payments, but also new modes of digital credit.

Happy Reading,
ASHISH TIWARI
Chief Marketing Officer,
Home Credit India

The study indicates an upswing in the overall Financial Well-Being among urban and semi-urban consumers due to strong economic growth providing a clear insight into consumer sentiments, spending patterns and saving habits among various demographics and segments.

The study indicates optimism among low-income urban and semi-urban consumers about the economy, with 52% experiencing income growth over last year and 76% expecting their income to grow in the coming year. Awareness of new digital credit options like Credit on UPI and UPI Lite among these consumers suggest a growing acceptance of innovative credit options, particularly for small-ticket purchases, driven by aspirations, to make their **#ZindagiHit**.

Thank you for being a part of our journey towards a better, well-informed consumer.

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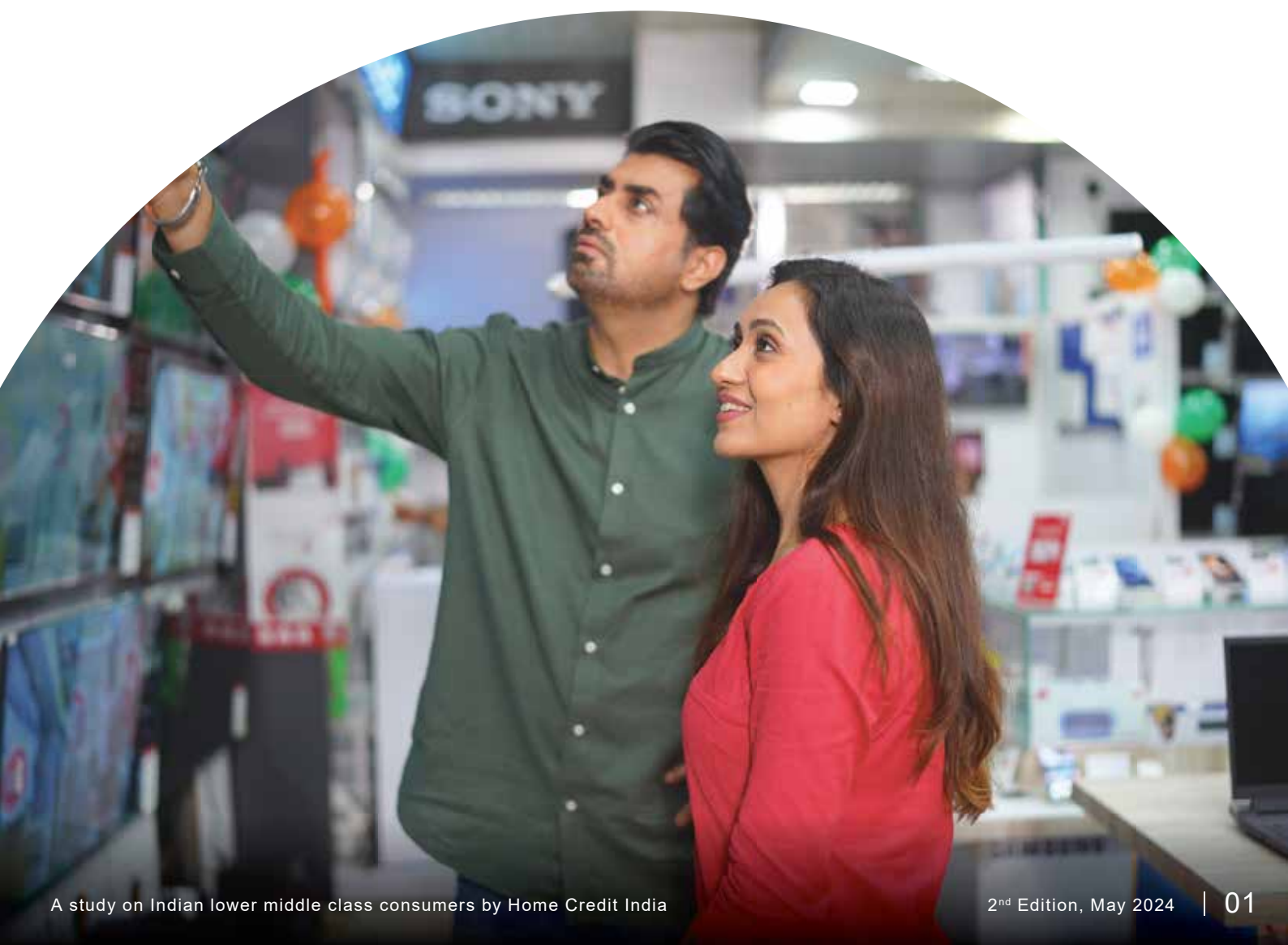
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BREADTH AND DEPTH COVERED

With this report, we have delved into India's lower middle class consumers and their profound impact on the nation's economic landscape. Constituting a significant 2/3rd of the population, they are the silent engines propelling the country's growth trajectory.

With household incomes of up to ₹ 5 lakhs per annum, the lower middle class embodies the spirit of aspiration and resilience. Their journey is one defined by the delicate balance of managing limited resources against the backdrop of escalating living costs. In this narrative, we uncover their unique financial ethos - a fusion of frugality, adaptability and unwavering determination.

From innovative budgeting techniques to inventive solutions for progress, their stories echo themes of hope and perseverance. Through their experiences, we gain insights into the evolving socioeconomic dynamics of modern India.



WHAT IS THE **STUDY ABOUT**

This study aims to illuminate the mysteries of "The Great Indian Wallet". It provides a comprehensive understanding of the financial journey undertaken by lower middle class consumers in India.



As we delved into the Financial Behavior and Well-Being of lower middle class consumers in India it unraveled:



The nuanced sentiments surrounding overall **household financial well-being**, offering a profound understanding of the emotional landscape intertwined with financial stability.



Key behavioral trends that shape their financial decisions, providing valuable insights into spending, saving and financial management habits.



The evolving acceptance of **newer credit concepts**, unveiling the dynamics of innovation and adaptation in the realm of financial services.

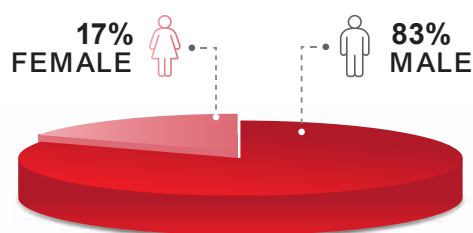


WHOM DID WE ENGAGE WITH

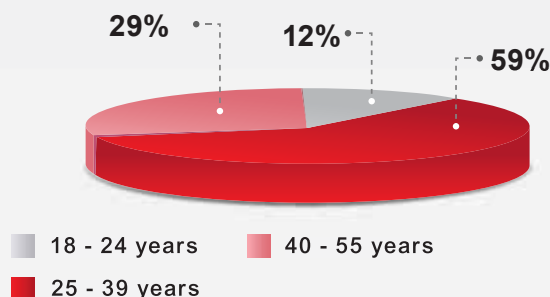
Our journey encapsulates consumers from diverse landscapes of India. Spanning across 17 cities, from the bustling metros to the vibrant and busy small towns of India, we offer a comprehensive glimpse into the financial behaviors of lower middle class consumers.

This study covers intricate financial habits of consumers aged between 18 to 55 years who have availed loans. With an average monthly income of ₹33,000, these consumers provide invaluable insights into the economic dynamics shaping contemporary India.

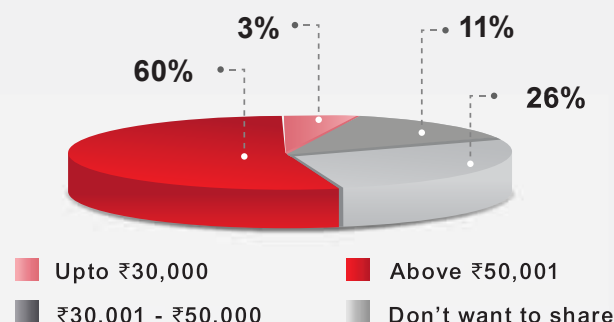
GENDER



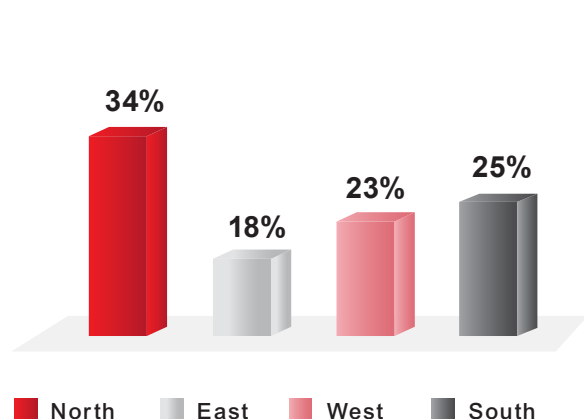
AGE



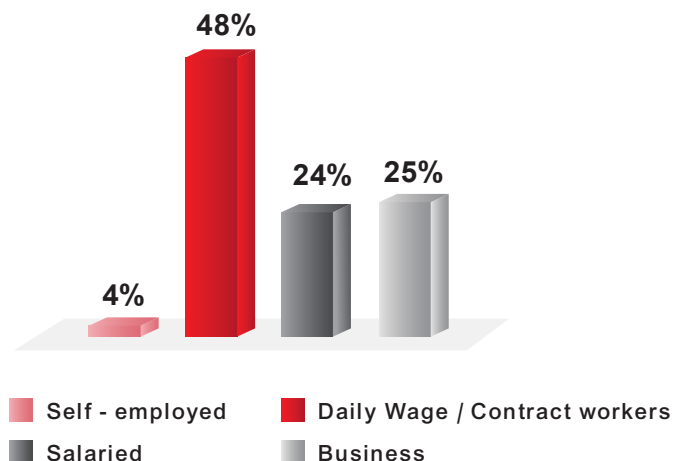
MONTHLY PERSONAL INCOME



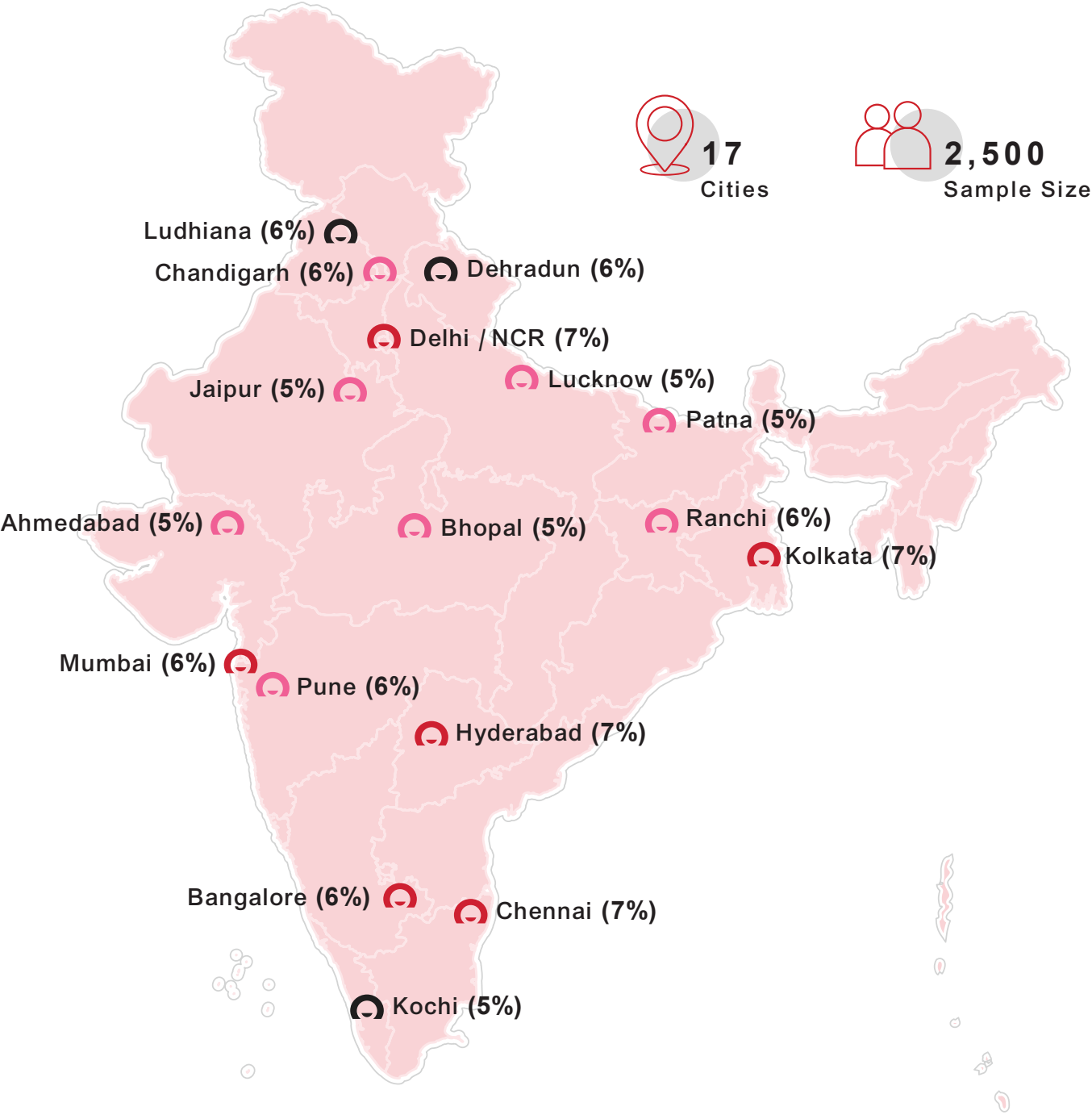
ZONE



OCCUPATION



WHERE DID WE GO?



40%
Metro

43%
Tier 1

17%
Tier 2

Map used is for graphical representation only.

EXECUTIVE SUMMARY

The Great Indian Wallet Study 2024, offers a profound exploration into the Financial Behavior and Well-Being of lower middle class consumers in India, unraveling the mysteries of "The Great Indian Wallet". Spanning across 17 cities and capturing insights from consumers aged between 18 to 55 years with an average monthly income of ₹33,000, it delves into nuanced sentiments, key behavioral trends and evolving credit concepts shaping their financial decisions.



The Financial Well-Being Index serves as a vital measure, reflecting improved current status and future expectations, signaling burgeoning optimism about India's economic future. This optimism influences consumer behavior, drives spending, investment and economic growth while enhancing overall life satisfaction.

The study highlights the economic realities of lower middle class consumers, balancing rising income with escalating living cost and aspirations. Income dynamics vary across cities, influencing lifestyle choices and financial prospects.

Essentials like food, lodging and education dominate spending, challenging consumers to balance needs with desires for leisure. Rising education cost impacts household budget, emphasizing the importance of informed financial decisions amidst tightening belts.

Navigating income growth versus increasing reliance on credit presents a paradox. While income rises, consumers turn to borrowing to meet their needs and aspirations, with informal channels preferred over formal lending institutions. This reliance underscores the need for financial literacy and access to affordable credit to foster long-term financial resilience.

In managing financial emergencies and liquidity, social networks play crucial roles. Cash reserves and support from friends and family provide immediate relief, emphasizing the importance of financial preparedness and community support in navigating life's uncertainties.

This comprehensive study sheds light on the intricate financial landscape of India's lower middle class consumers, offering valuable insights into their behavior, challenges and aspirations, essential for informed decision-making and fostering Financial Well-Being in contemporary India.

01 CONSUMER **FINANCIAL WELL-BEING** INDEX

In the world of personal finance, the Financial Well-Being Index is a vital measure of consumer's financial health and outlook. It serves as a measure of one's capability to navigate their finances adeptly, make informed decisions and strategize for a prosperous future.

At its core, this index encapsulates various facets of financial management, reflecting upon consumer's current income, expenditure patterns and savings habits. However, its scope extends beyond mere numbers, delving into our realm of attitudes and perspectives concerning future financial prospects.






This index takes into account not only the consumer's financial status, such as income, spending habits and saving patterns, but also their perspective on future financial prospects. It assesses their attitudes and beliefs regarding financial security and satisfaction.



1.1 FINANCIAL WELL-BEING INDEX AND ITS IMPLICATIONS

Financial Well-Being Index has improved over the last year in terms of both current status and future expectation indicating the burgeoning optimism about the economic future of India. The impact of the growth is palpable, signaling a noteworthy shift in consumer sentiment and economic outlook.

The significant uptick in the Financial Well-Being Index, a 4-point rise in current status and a 3-point increase in future expectations, reflects a newfound confidence among consumers regarding their current financial status and future prospects. This boost in confidence is crucial as it fosters a positive outlook, encouraging spending and investment, which in turn drives economic growth.

BASED ON NET RESPONSES (% INCREASED - % DECREASED)						
	Current Status			Future Expectations		
	2023	2024	Change	2023	2024	Change
 Income	37	39	↔	72	70	↔
 Spending on Essentials	53	55	↔	62	68	↔
 Savings	17	24	↑	52	58	↔
 Investment	31	35	↑	60	64	↑
 Financial Well-Being Index	35	39	↑	63	66	↑

Current Status: These numbers represent the % of consumers who mentioned that their income has increased - % of consumers who mentioned that their income has decreased in the current year over last year

Future Expectation: These numbers represent the % of consumers who mentioned that they expect their income to increase - % of consumers who mentioned that they expect their income to decrease in the next one year

Financial Well-Being Index: Average of Income, Spends on Essentials & Savings

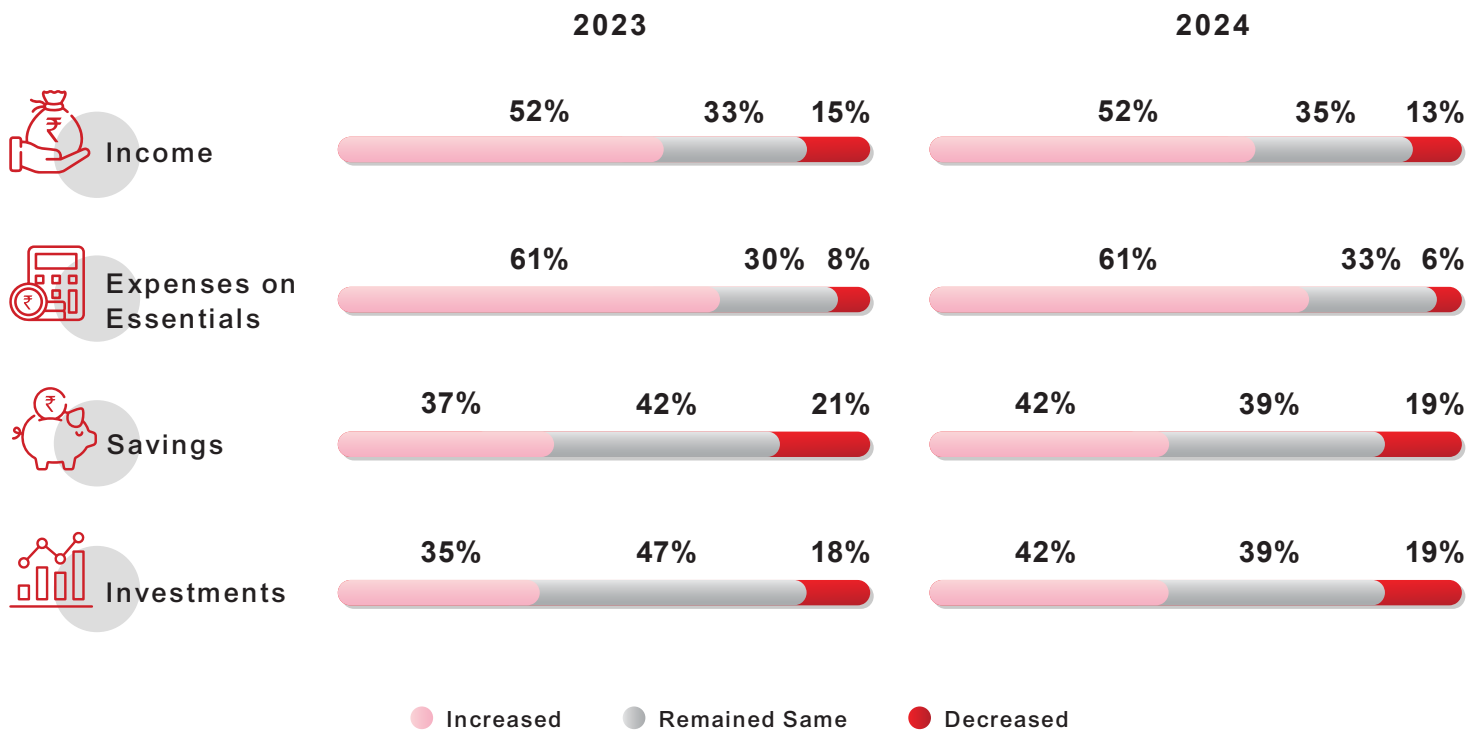
The rise in both current status and future expectations underscores a growing optimism about the economic future of India. This optimism is contagious, influencing consumer behavior and business decisions and will create a conducive environment for businesses to expand, innovate and create employment opportunities.

Beyond economic indicators, the improved Financial Well-Being Index also correlates with enhanced life satisfaction. As consumers feel more secure about their financial situation, they experience a sense of well-being that extends beyond monetary considerations. This holistic approach to well-being will foster a thriving and resilient society.

1.2 BUOYANT CONSUMER SENTIMENT

The buoyancy in consumer sentiment seems to stem from an increasing number of consumers experiencing either heightened or stable earning capacities. This trend, 85% in 2023 to 87% in 2024, underscores a notable surge in economic confidence, instilling optimism about the financial landscape.

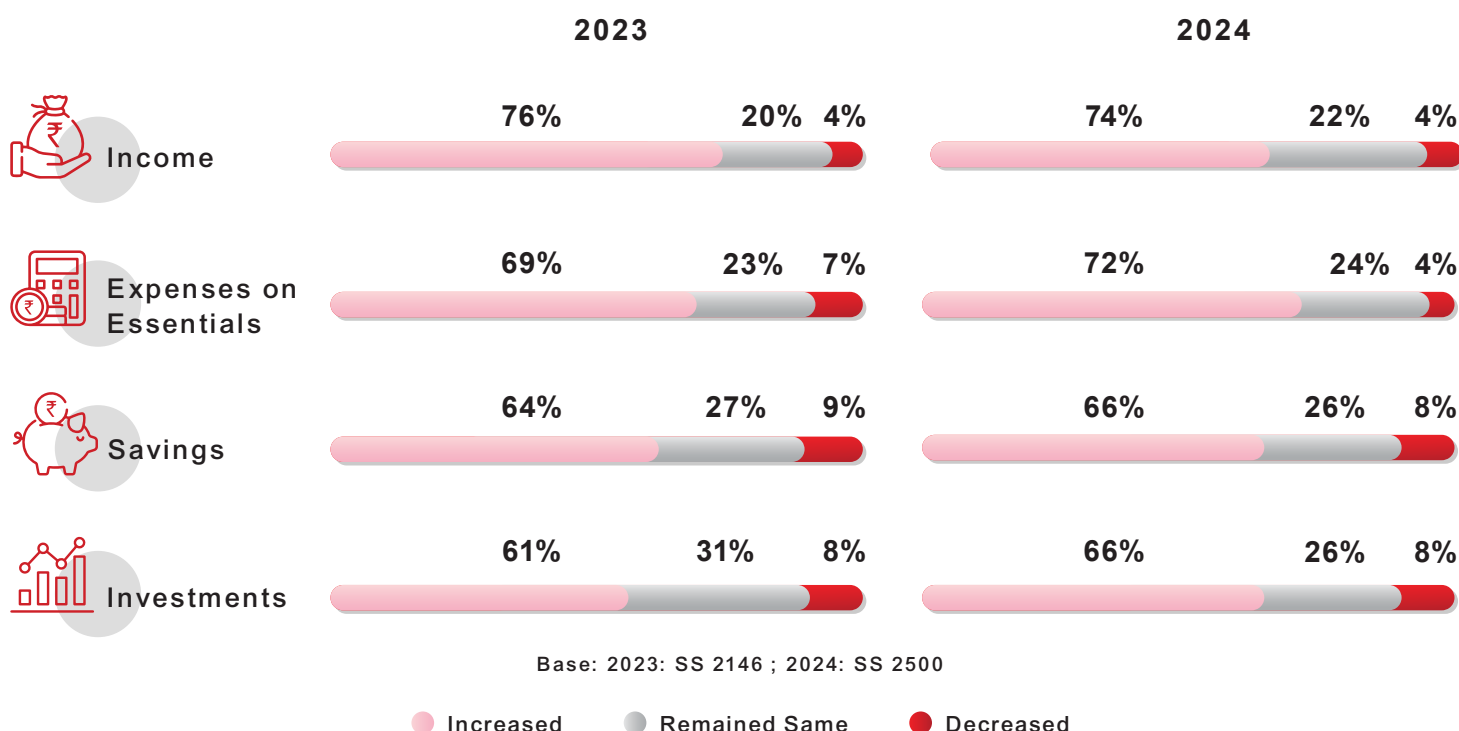
CHANGE IN STATUS (CHANGE COMPARED TO LAST YEAR)



Higher incomes often translate into heightened spending on essential items. In fact, 61% of consumers experienced a surge in spending on essential items, reflecting the immediate consumption that accompanies income growth.

Looking ahead, a significant majority of consumers, comprising 74%, anticipate an increase in their income by the next year. This forward-looking optimism is palpable, as approximately two-thirds of consumers (66%) express intentions to save and invest more in the coming year. These aspirations for financial growth and stability are further substantiated by the fact that 52% of working consumers witnessed an increase in their earnings over the past year.

EXPECTATION FOR THE COMING YEAR



Yet, amidst these spending patterns, the growth in income brings with it a sense of financial empowerment. With more savings and investment opportunities on the horizon, consumers are better equipped to secure their financial future and have greater flexibility for impulsive spends.

Overwhelming belief in income growth or stability, with 96% expressing confidence in their financial prospects for the foreseeable future, sets a positive tone for our economic trajectory.

02 DEMYSTIFYING INCOME, SPENDS & SAVINGS



To understand the dynamics of Financial Well-Being, it is essential to unravel the intricate web of income, expenditures and savings. These elements form the bedrock of financial stability and security, influencing not only the present circumstances of a consumer, but also their future prospects.

Income, the core of financial management, is pivotal in crafting a sustainable financial plan that empowers consumers to make informed decisions and seize opportunities for growth.

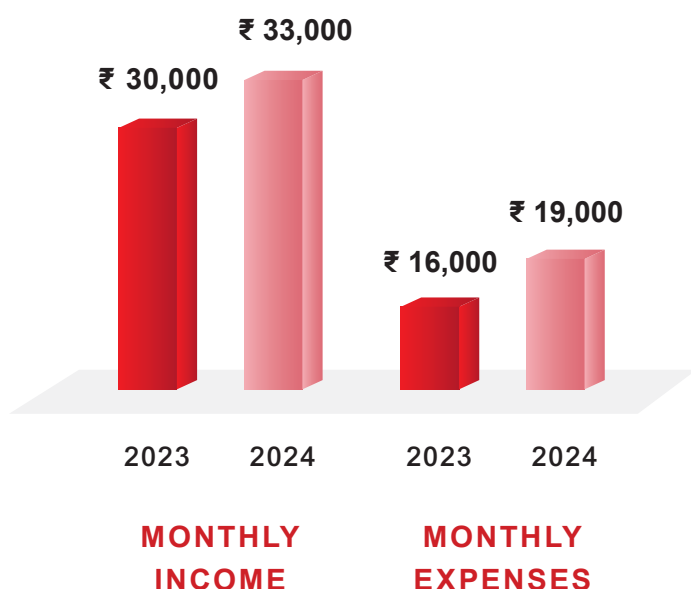
Counterbalancing their income are their expenditures, the financial outflows required to meet their day-to-day needs, obligations and aspirations. From essential expenses like housing, utilities and groceries to discretionary spending on leisure, travel and entertainment, their expenditures reflect their lifestyle choices and priorities.

Central to building financial resilience and achieving long-term goals is the practice of saving - a deliberate allocation of resources towards future needs, emergencies and aspirations that serve as a cornerstone of Financial Well-Being.

Demystifying the complexities of income, expenditures and savings gives clarity and control over their financial lives, as they navigate through the ever-changing landscape of personal finance with resilience, purpose and foresight.

2.1 FINANCIAL REALITIES OF LOWER MIDDLE CLASS CONSUMERS

In exploring the financial landscape of lower middle class consumers, it's crucial to understand their economic realities. With an average monthly income of around ₹33,000, they balance earnings and expenditure, striving for stability and upward mobility.



Nearly 60% of their income is dedicated towards fixed expenses, about ₹19,000 in 2024. These include rent or mortgage payments, utilities, transportation, healthcare and education. With their efforts to stretch their income, they have been able to maintain a stable level of discretionary spending and savings.

While their expenses have increased, they have managed to balance it with rising income. This showcases the resilience of the lower middle class - their incomes are often outpaced by the escalating costs of living.

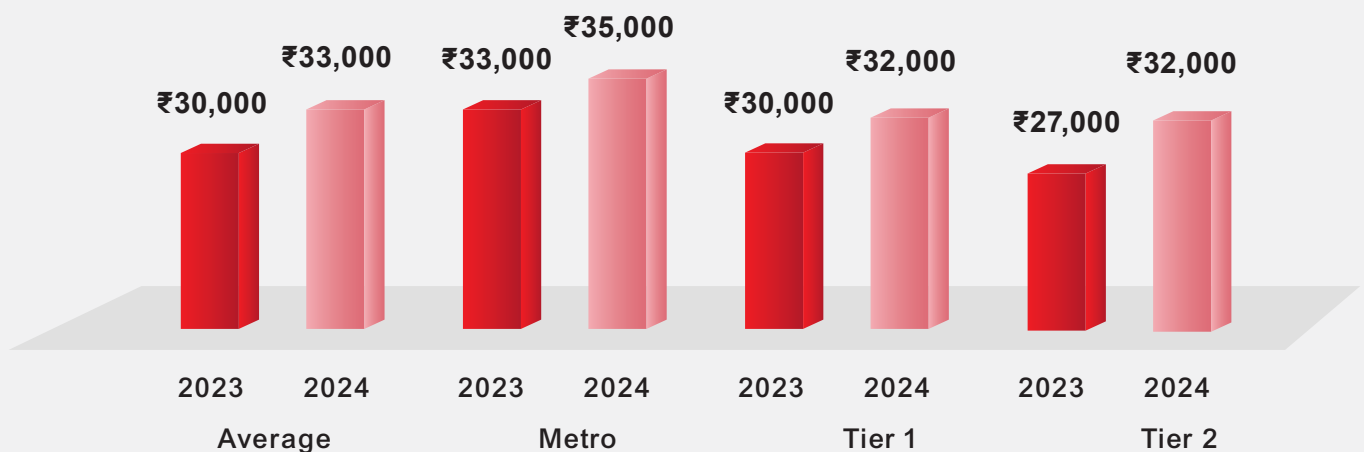
The growth in income over the past year has successfully matched the increase in expenses.

While there has been a general increase in income levels, the upward trajectory in income is juxtaposed against the backdrop of escalating living costs and the pursuit of a better lifestyle, which have collectively contributed to a rise in monthly expenses.

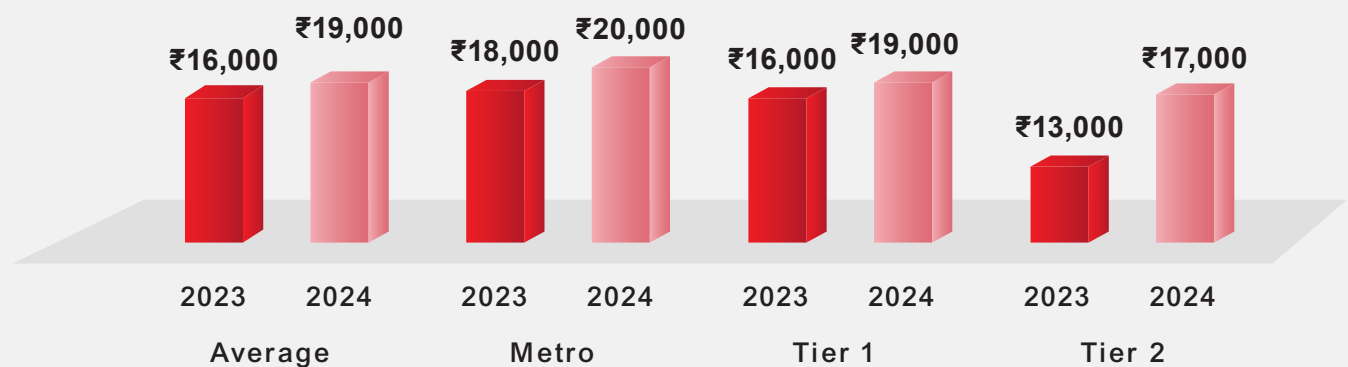
However, income growth hasn't been consistent across all towns. Ludhiana and Dehradun lead among Tier 2 towns, experiencing significant advancements in earning capacity. Lucknow stands out in Tier 1 cities with its remarkable income growth surpassing that of others. Although income growth in cities like Mumbai, Ahmedabad and Chandigarh has remained sluggish at 3%, they have still managed to outpace the growth in expenses, offering a hint of financial stability.

While higher incomes offer a sense of financial upliftment, the accompanying rise in living costs and aspirations for a better lifestyle pose formidable challenges, exerting pressure on household budgets and financial planning efforts.

MONTHLY INCOME

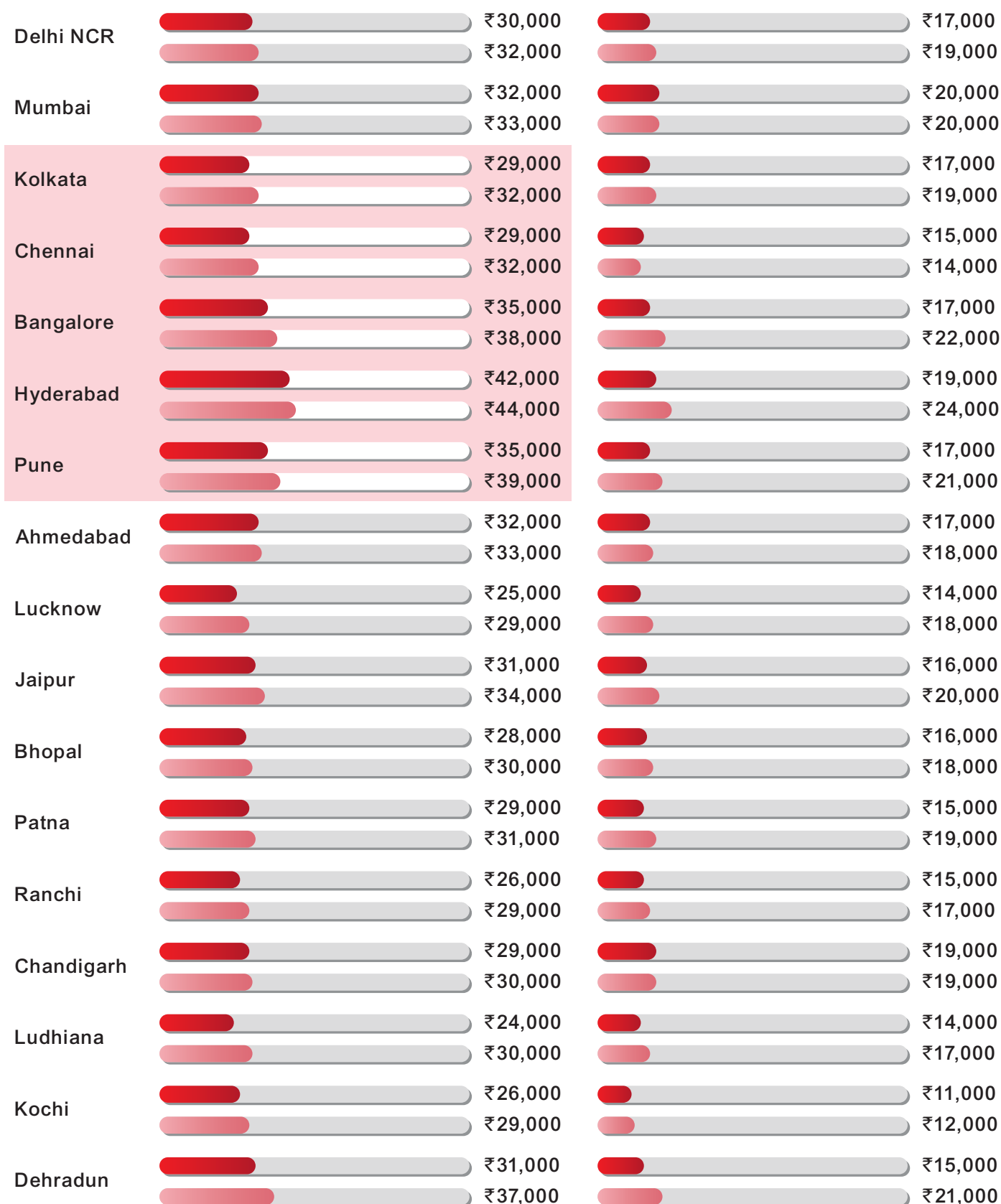


MONTHLY EXPENSES



MONTHLY INCOME

MONTHLY EXPENSES



■ 2023 ■ 2024

2.2 INCOME DYNAMICS AND ITS IMPACT ON CONSUMERS

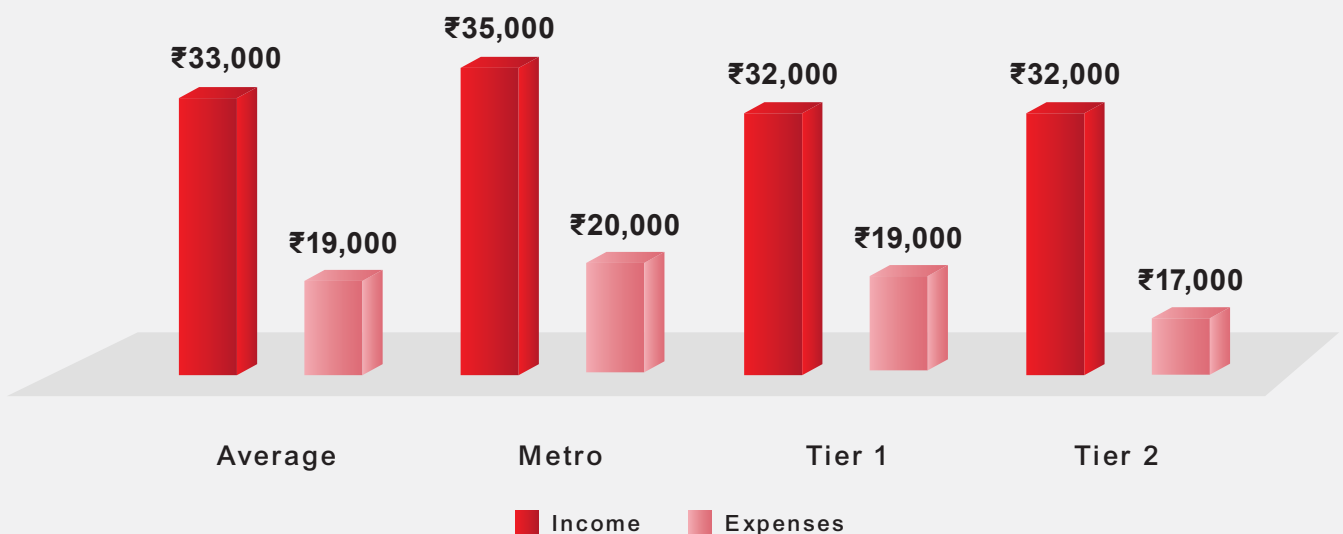
Income dynamics of lower middle class consumers confronts with a nuanced interplay between job possibilities, location and lifestyle costs. Metropolitan areas, synonymous with bustling job markets, offer higher monthly incomes, albeit accompanied by a more expensive way of life. Conversely, Tier 2 towns present a contrasting picture, boasting notable increases in income while managing to keep expenses in check.

The tech-centric cities of Bangalore, Hyderabad and Pune emerge as pivotal hubs, offering newer and better prospects for consumers seeking advancement. In these cities, income levels soar, with Bangalore and Hyderabad leading the pack with incomes 15% and 33% higher than the national average, respectively.

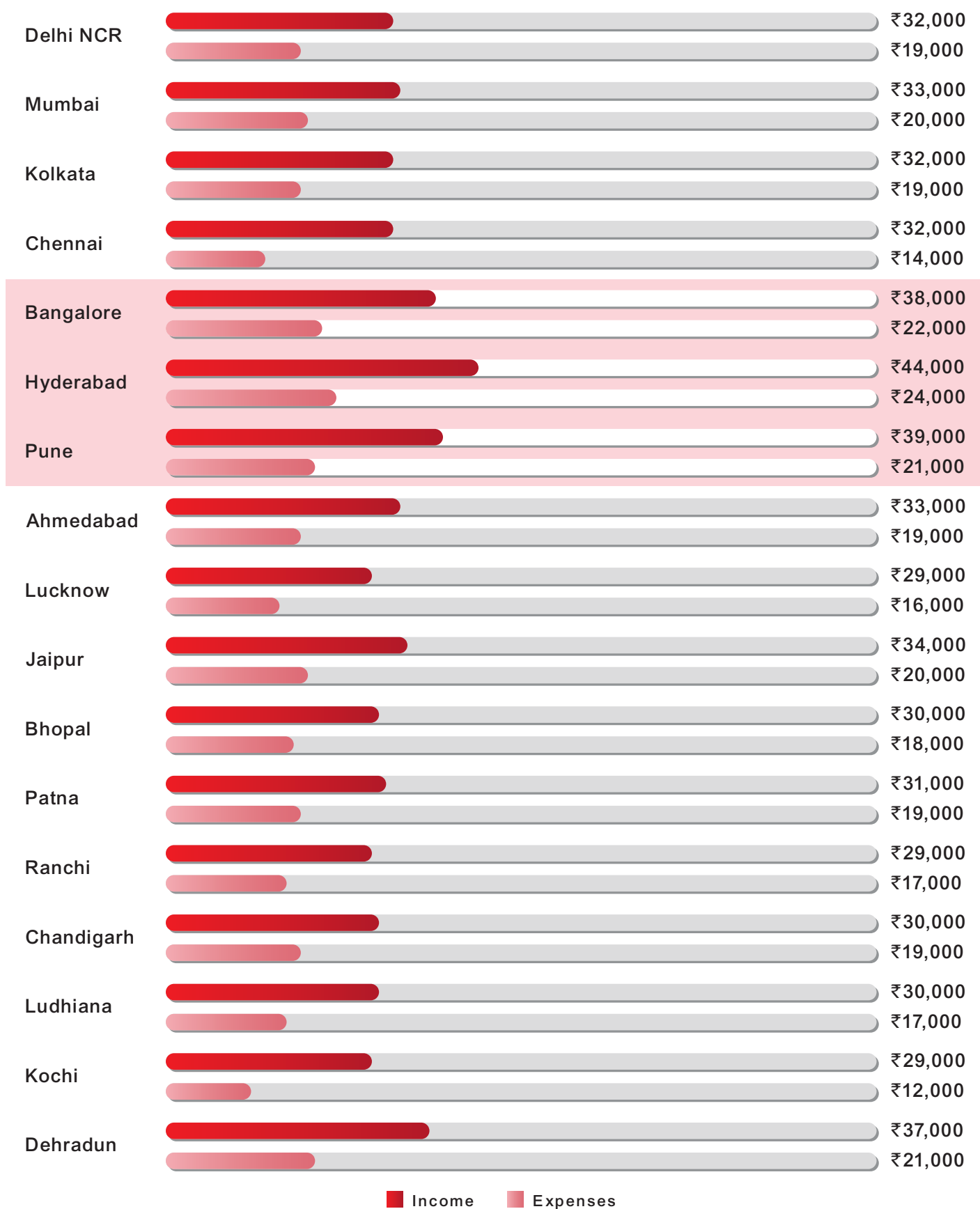
Among these, Hyderabad shines as a beacon of opportunity for the urban lower middle class with monthly income averaging ₹44,000. This makes Hyderabad the most desirable city to live in for consumers in this demographic, offering a blend of robust job opportunities and a relatively affordable cost of living compared to other metropolitan areas across India.

Income dynamics of a city and its impact on the mass population gives an understanding of the opportunities and challenges faced by the consumers at large. The pivotal role of location in shaping income prospects and lifestyle choices highlights the need for consumers to carefully weigh the trade-offs and make informed decisions in pursuit of their financial goals and aspirations.

2024



MONTHLY INCOME & EXPENSES



03 UNLOCKING CONSUMER SPENDING: **WALLET SHARE**

For a lower middle class consumer, navigating the intricacies of spending and managing wallet allocation is a daily endeavor. Financial decisions are often guided by a delicate balance between meeting basic needs and striving for financial stability and progress. As we delve deeper, it becomes evident that certain needs take precedence in their budget allocation.

A significant portion of budget goes towards essentials like food and lodging. Education is another major expense, which takes a significant chunk of the wallet.











In managing their finances, consumers are constantly striving to unlock the potential of spending while optimizing wallet share. This involves making informed choices, prioritizing needs and seeking out opportunities to stretch the rupee further.

3.1 RISING COST OF EDUCATION IMPACTING HOUSEHOLD BUDGET

Managing day-to-day finances require careful consideration of the most essential needs. Food and lodging, which takes up a significant portion of monthly budget, accounts for 50% of wallet allocation. Despite efforts by the Government of India to control inflation, the cost of lodging or rent has surged by 18%, putting additional strain on their finances.

Education, another crucial aspect of life, has become increasingly expensive. Costs have risen by a staggering 51%, leading to education expenses now consuming 15% of the wallet share, up from 12% last year. Still, investing in education is non-negotiable, as it holds the key to socio-economic progress and a better future for the family.

These numbers paint a stark picture of the challenges faced by a lower middle class consumer. Balancing essential expenses like food, lodging and education while striving for financial stability requires careful planning and resourcefulness. Despite the hurdles, they remain determined to prioritize their needs and make informed financial decisions to secure a brighter future.

SHARE OF WALLET AND AVERAGE AMOUNT SPENT - AMONGST ESSENTIAL SPENDS				
Expenses	Average spends (₹)		Wallet share	
 Grocery	8,236	+3%	26%	-12
 Rent	6,097	+17%	21%	+10
 Commute	4,018	+22%	19%	+8
 Children's education	4,376	+51%	15%	+1
 Medical expenses	2,246	-2%	7%	-2
 Utility bills	1,805	+13%	6%	0
 Cooking gas	1,140	-5%	4%	-1
 Mobile bills	701	+134%	2%	+1

○ Increased ○ Remained Same ○ Decreased

Change, 2023 to 2024

Total base (n) = 2,500

Average spends calculated amongst those who contribute on that head

3.2 BALANCING ESSENTIALS AND DISCRETIONARY EXPENSES

For a lower middle class consumer, the rising cost of essentials also impact the monthly spend on discretionary items. It makes it challenging to allocate funds for leisure activities and occasional treats amidst the growing financial pressure.

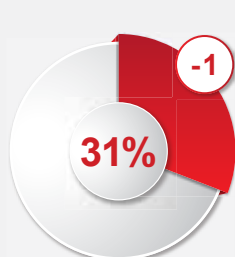
On a monthly basis, 31% of middle class consumers indulge in local sightseeing, while even fewer, one-fifth (22%), opt for eating out. The financial strain is particularly evident when comparing spending habits across cities. Cities in the South like Chennai and Kochi boast the highest number of spenders on fun and recreation activities such as local travel / sightseeing, eating out and watching movies outside, compared to other cities.

Despite constraints on budget, occasional discretionary purchases have managed to maintain a semblance of normalcy. About 60% of consumers still indulge in occasional discretionary purchases of fashion products including apparel. Additionally, in the past six months, 31% of middle class consumers have managed to find ways to travel outstation for leisure even amidst financial constraints.

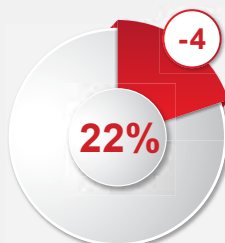


This study talks about the complex dynamics of middle class spending habits, highlighting the challenges of balancing essential needs with desires for leisure and occasional treats. Despite the tightening financial belt, there remains a resilient spirit of indulgence and enjoyment among middle class consumers, driven by the desire to maintain a sense of normalcy and well-being.

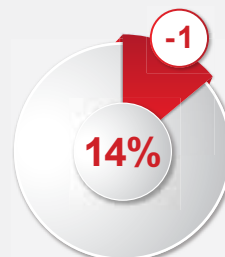
DISCRETIONARY PURCHASES ON MONTHLY BASIS



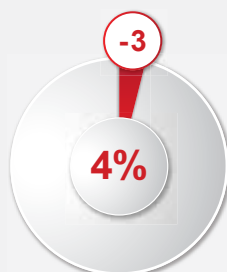
Local travel /
sightseeing



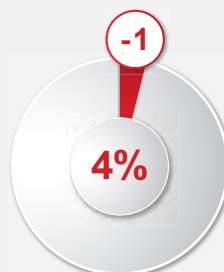
Eating outside
(food / dine-in / takeaways)



Going out to
watch movies



Fitness (gym / yoga classes /
supplements, etc.)

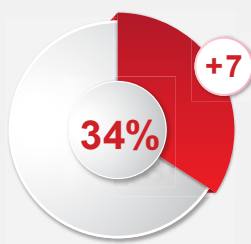


OTT apps

DISCRETIONARY PURCHASES IN LAST SIX MONTHS



Buying new clothes / other
fashion products



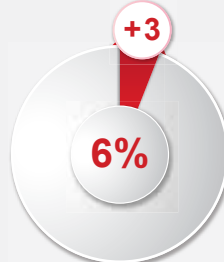
Outstation travel



Electronic devices including
smartphones, headphones,
speakers, etc.



Purchasing home appliances



Home decor & furnishings

Figures in circles represent change
from 2023 to 2024

04 INCOME GROWTH VERSUS **INCREASING RELIANCE ON CREDIT**

In the realm of household finances, managing expenses and meeting financial obligations often requires resourcefulness and adaptability. In this intricate tapestry of creating a balance between income and spends, most of the consumers resort to savings as their key backup plan. Savings in cash represents a tangible form of financial security for many consumers. It provides a sense of immediate accessibility and control over one's financial resources, which can be especially appealing in uncertain times or when facing unforeseen expenses.

Besides, for many consumers, the need for additional funds to cover unexpected expenses or pursue lifestyle upgrades may arise from time to time. In such situations, consumers turn to borrowings to bridge this gap. These could include borrowing from formal channels like banks or financial institutions or informal channels like friends or family, utilizing community-based lending networks.



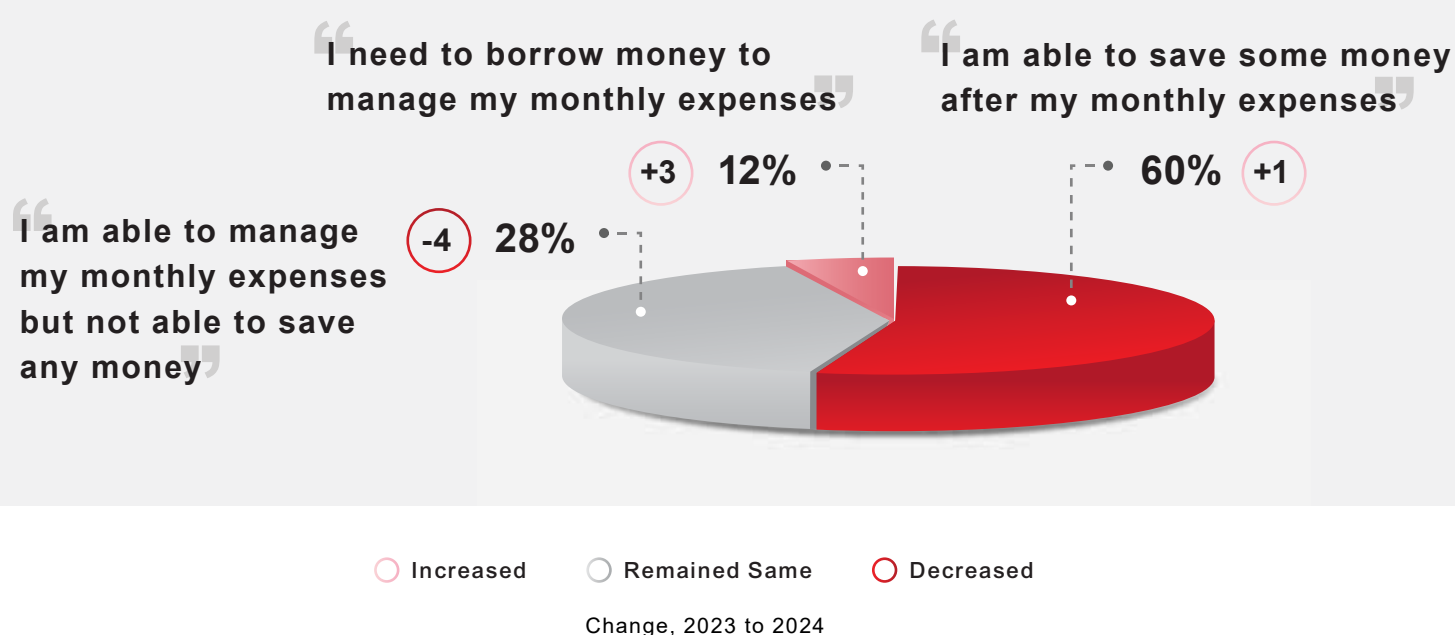
4.1 SURGE IN HOUSEHOLD BORROWING

For lower middle class consumers, a surge in household borrowing has become prevalent in their financial landscape. Despite increase in income, there's a noticeable trend of turning to borrowing to manage household expenses, with the percentage of consumers resorting to this option rising from 9% to 12% over the past year.

What's particularly striking is the limited adoption of formal lending channels in this borrowing process. Many consumers are opting for informal borrowing methods rather than seeking assistance from formal financial institutions. This reluctance to engage with formal lending channels could stem from various factors, including perceived barriers to access, lack of awareness about available options or concerns about the borrowing process itself.

The implications of this trend are multifaceted. While informal borrowing may offer immediate relief, it often comes with higher interest rates, less favorable terms and limited consumer protection compared to formal lending channels. Additionally, reliance on informal borrowing may perpetuate a cycle of debt, making it harder for consumers to achieve long-term financial stability.

Hence, it's essential to recognize the importance of promoting financial literacy and expanding access to formal financial services. Empowering lower middle class consumers with knowledge about their borrowing options and facilitating their access to affordable credit will help them in mitigating the risks associated with informal borrowing and support their path towards financial resilience and prosperity.



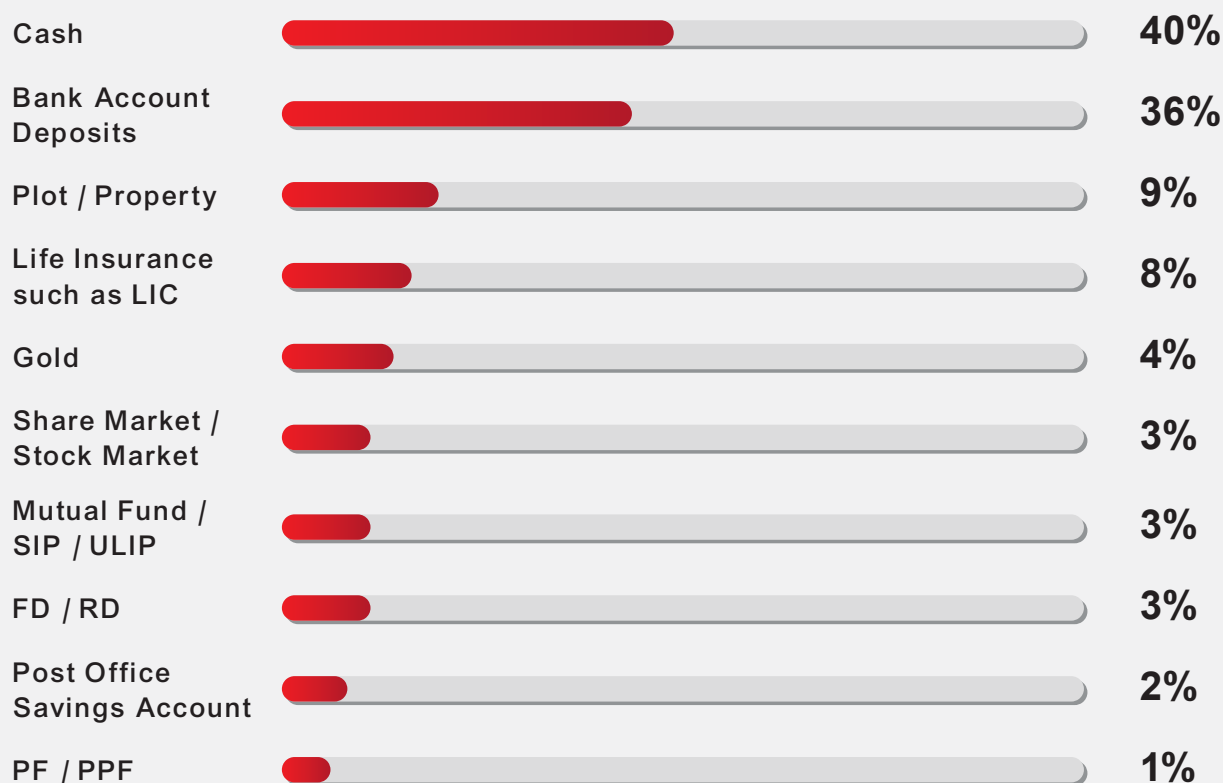
4.2 BALANCING INCOME AND EXPENSES IN HOUSEHOLD MANAGEMENT

A lower middle class consumer takes a very pragmatic approach to manage their finances. They prioritize the accumulation of liquid cash reserves and utilize traditional saving vehicles like bank deposits to build a financial safety net that provides stability and security in times of need.

In order to maintain financial equilibrium, keeping a portion of their income as liquid cash to manage emergency expenses is key. This approach is shared by 40% of consumers, who recognize the importance of having readily available funds to address unforeseen financial challenges.

In addition to liquid cash, another preferred mode of saving for a majority of consumers is bank account deposits. In fact, this method is favored by 36% of the consumers.

PERCENTAGE OF CONSUMERS WHO INVEST THEIR SAVINGS IN THE FOLLOWING FINANCIAL INSTRUMENTS



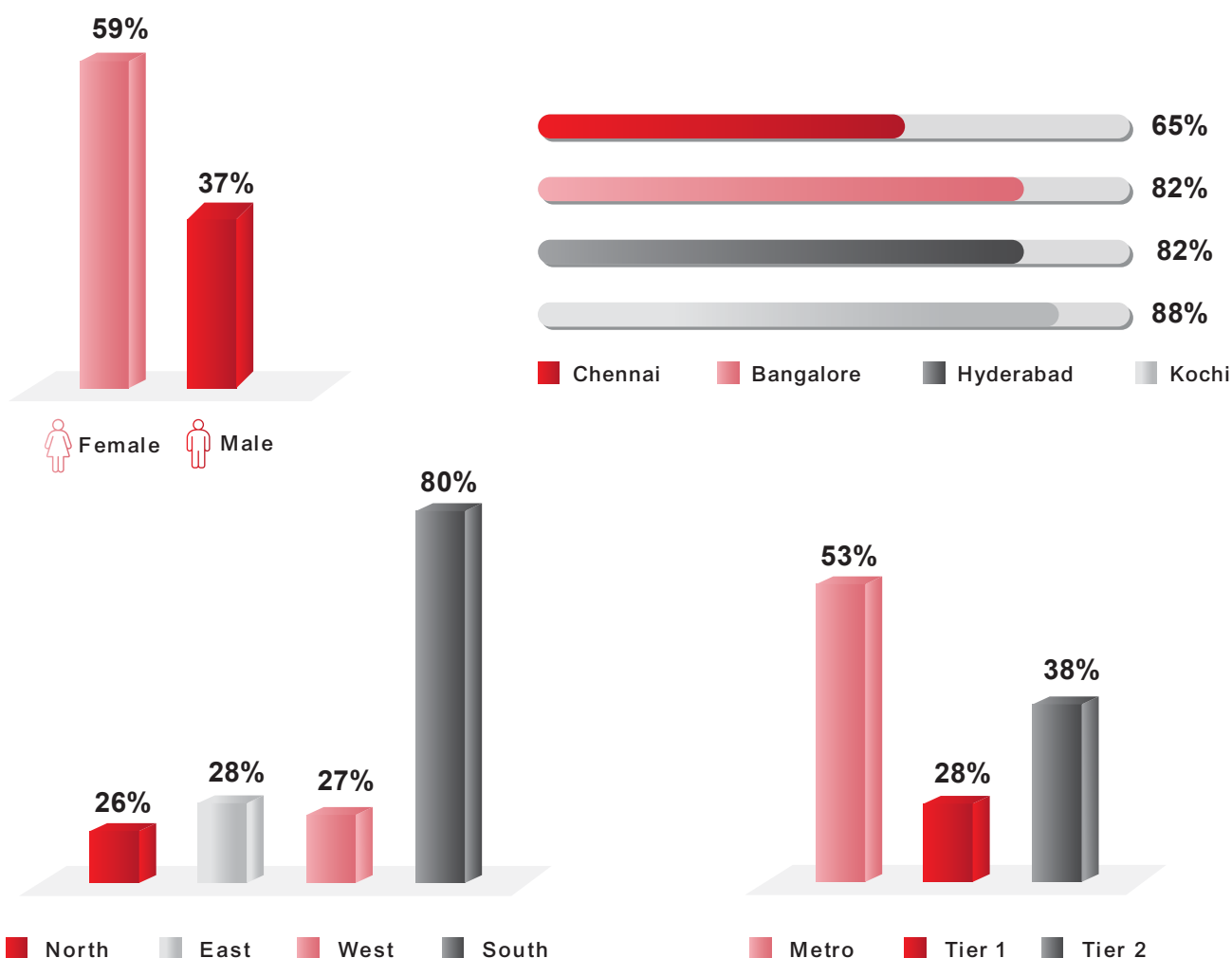
N=1500
(Consumers who are able to save some money after incurring their monthly expenses)

Cash savings have a very nuanced dynamic across different demographics and hold varying degrees of importance.

Among females, the inclination towards cash savings is notably pronounced. They recognize the value of having physical currency on hand, perhaps as a means of empowerment and independence in managing their finances.

Similarly, consumers from Southern India, particularly those residing in metros, exhibit a strong preference for cash savings. Whether driven by cultural norms, historical practices or practical considerations, this demographic gravitates towards the familiar and tangible nature of cash as a store of value.

PERCENTAGE OF CONSUMERS WHO KEEP THEIR SAVING AS CASH

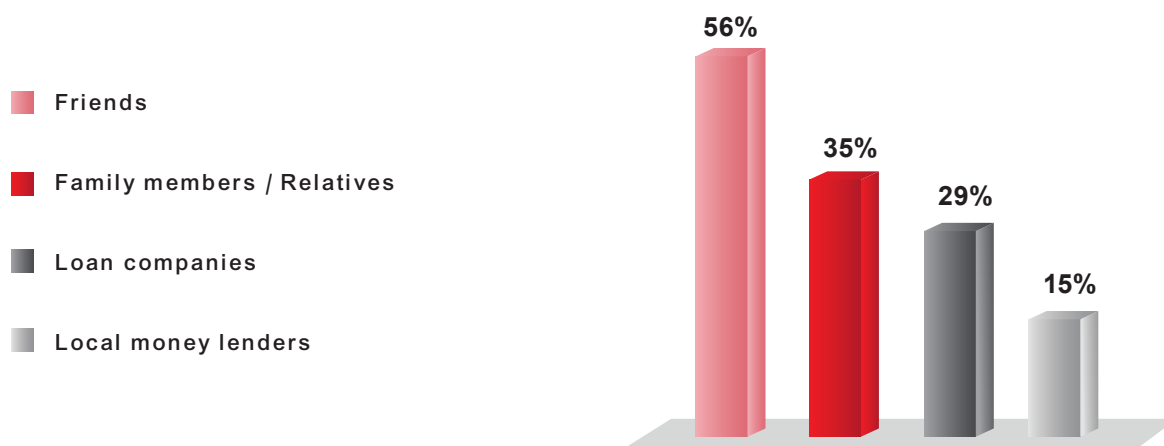




Besides cash, reliance on credit becomes paramount in moments of financial urgency. Despite a growing number of consumers turning to credit, only 30% currently seek assistance from formal loan companies.

During crisis, reliance on friends and family for financial aid remains prominent, with 60% of consumers preferring this as a trusted source. This underscores the enduring importance of social networks in providing support during difficult times.

PERCENTAGE OF CONSUMERS WHO BORROW FROM THE FOLLOWING CHANNELS TO MANAGE THEIR EXPENSES



This dynamic illustrates the intricate relationship between formal and informal lending channels. While formal institutions offer structured products and oversight, informal borrowing provides a sense of familiarity and community support that formal avenues often lack.



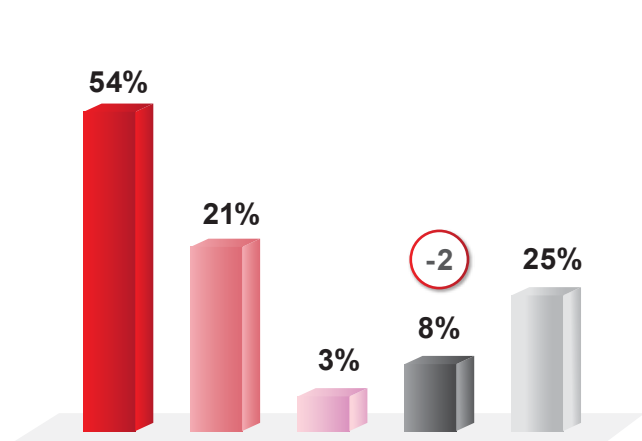
4.3 NAVIGATING FINANCIAL EMERGENCIES: THE PATH TO RESILIENCE

In the intricate fabric of financial management, preparing for emergencies is a cornerstone of prudent planning. When faced with unexpected expenses such as medical emergencies or urgent child-related costs, consumers often prioritize liquidity and immediate access to funds. This preference for cash-in-hand readiness underscores the importance of financial preparedness in navigating life's uncertainties.

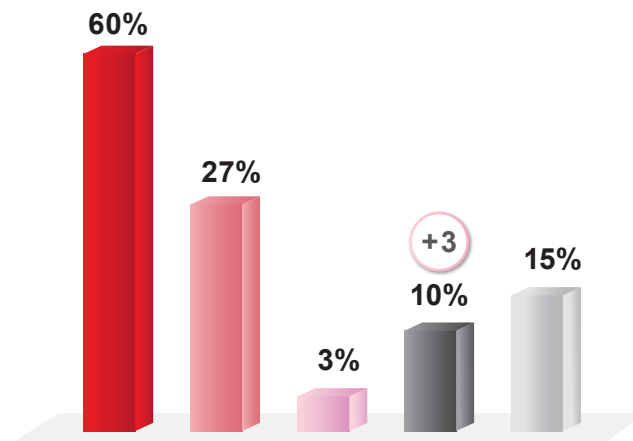
More than 20% of consumers turn to friends and relatives to meet emergency expenses, highlighting the enduring role of social networks in times of need. Additionally, 27% of consumers rely on their near-and-dear ones for unforeseen medical requirements, emphasizing the trust and support found within personal relationships during challenging times.

Formal borrowing from banks or lending companies is more commonly sought when dealing with home appliance repairs or replacements with unplanned repairs and renovations following closely behind. This suggests that while formal lending institutions are utilized for certain types of expenses, there remains a narrow dependence on them for addressing financial emergencies.

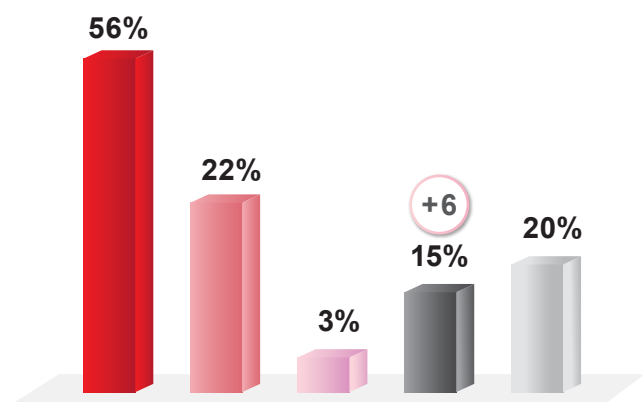
EMERGENCY EXPENSES RELATED TO CHILDREN



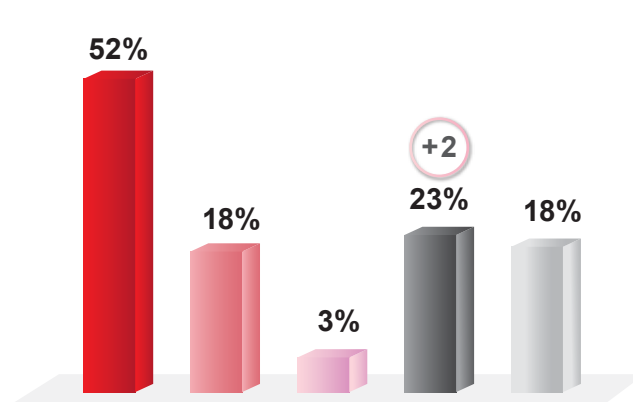
MEDICAL EXPENSES (SELF + FAMILY)



UNPLANNED HOME RENOVATION / REPAIR



REPAIR / REPLACEMENT OF BROKEN HOME APPLIANCES



- Savings
- Have never faced these expenses
- Loan form local moneylender at a certain rate of interest

- Borrow from friends / family
- Loan from loan companies / banks

○ Increased ○ Remained Same ○ Decreased

Change, 2023 to 2024

05 ONLINE AND OFFLINE RETAIL IN THE DIGITAL ERA

In today's digital age, the convergence of online and offline retail has significant implications as the divide between these two retail channels is not merely about where consumers shop but also about how their purchasing decisions shape their financial health.



The rise of online retail has democratized access to a wide range of products and services, offering convenience and competitive pricing. For consumers, this presents an opportunity to compare prices, research products and make informed purchasing decisions from the comfort of their homes. However, the allure of online shopping can also lead to impulsive purchases and overspending, potentially compromising Financial Well-Being in the long run.

Similarly, offline retail provides tactile and immersive shopping experiences that online platforms often cannot replicate. From trying on clothes to testing out electronics, physical stores offer a level of engagement and sensory satisfaction that online shopping may lack. However, the convenience of offline shopping can come with its own pitfalls, such as impulsive buying and overspending due to the immediate availability of products. The sensory experience of shopping in-store can heighten emotions and trigger impulsive buying behavior, which can be detrimental to long-term financial health if not managed effectively.

As consumers, it is essential to strike a balance between online and offline shopping experiences to ensure Financial Well-Being.

5.1 EMBRACING TANGIBILITY: THE ENDURING APPEAL OF OFFLINE TRANSACTIONS

The exponential rise in digital transactions has revolutionized the way consumers shop, offering convenience, accessibility and a wide range of choices at their fingertips. However, despite the convenience and efficiency of online transactions, many consumers still value the sensory engagement and tangible experiences offered by offline shopping.

About 85% of consumers continue to favor offline transactions for products where look, feel and touch are integral factors in the decision-making process. Offline shopping offers a multisensory experience that online platforms struggle to replicate. Whether it's trying on clothes, testing out electronics, or sampling products in person, the ability to see, touch and interact with items before making a purchase remains a significant draw for offline shoppers.

In essence, while digital transactions have transformed the retail landscape, offline transactions continue to hold sway, particularly in instances where tactile experiences and personal interactions are paramount.





CLOTHING, FOOTWEAR, FASHION ACCESSORIES, MOBILE PHONES AND HOME APPLIANCES

Offline stores maintain a stronghold in these crucial sectors comprising of a significant 85% of transactions.

Despite the growing influence of e-commerce, consumers continue to favor the tangible shopping experience and personalized services offered by brick-and-mortar stores.

GROCERIES & MEDICINES

Offline stores retain a substantial share, accounting for 86% of purchases for essential items like groceries and medicines.

Despite the digital revolution, consumers continue to rely heavily on physical stores for their immediate needs in these crucial area.



DINE OUT & FOOD SERVICES

Notably 59% of food purchases occur through dining at restaurants or other foodservice outlets, underscoring a robust preference among consumers for the experience of dining at physical establishments over ordering online.

BUS & TRAIN TICKETS

Traditional methods continue to hold sway in transportation ticket purchase, with offline purchases constituting a significant 57% of bus / train ticket transactions. This reflects a persistent preference for traditional channels among consumers when it comes to securing local travel.

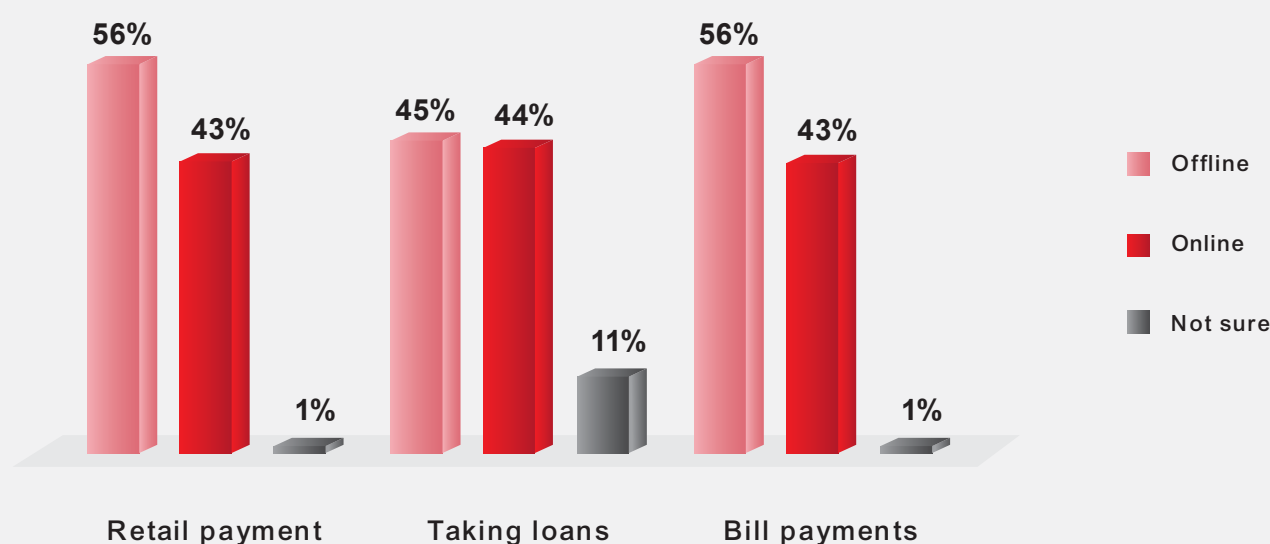


5.2 DIGITAL TRANSFORMATION: TRUST IN ONLINE RETAIL AND BANKING TRANSACTIONS

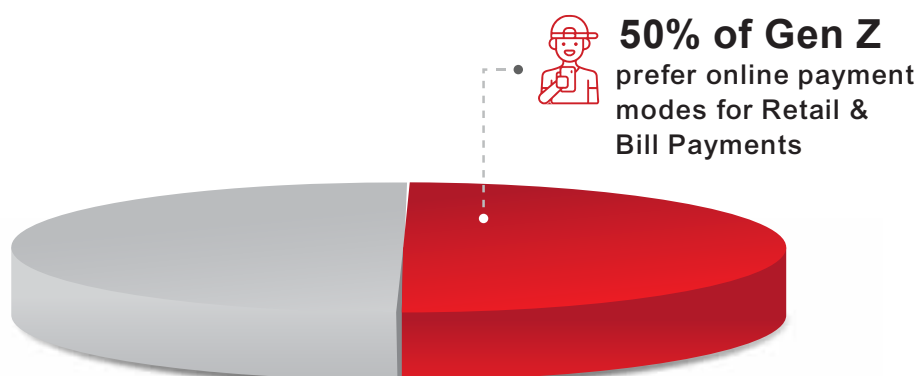
With the convenience and accessibility offered by online platforms, consumers are increasingly relying on digital transactions for their retail and banking needs.

This shift is driven, not only by convenience and efficiency, but also by the security measures implemented by online retailers and financial institutions, fostering greater trust among users.

The adoption of online transactions for retail payments and banking activities continues to rise, with more than 40% of consumers now entrusting digital channels for such transactions.



The convenience-seeking Gen Z demographic, is at the forefront of this digital revolution with 50% opting for online retail payments.



PREFERENCE TOWARDS ONLINE TRANSACTIONS IN WEST

Additionally, consumers in the Western regions, accounting for over 50% of adopters, demonstrate a strong openness towards online retail and bill payments.



50%

Retail payment



51%




Taking loan



53%

Bill payment

Moreover, within Metropolitan and Tier 1 towns, consumers from cities like Delhi, Mumbai, Kolkata, Pune and Chennai exhibit a particularly high propensity towards embracing digital payment and loan services.

	Delhi	Mumbai	Kolkata	Chennai	Pune
 Retail payment	52	55	51	50	64
 Taking loan	52	57	65	51	62
 Bill payment	55	62	57	44	61



Females exhibit a pronounced preference for online channels when purchasing smartphones, apparels, ordering food and buying groceries and medicines.

Convenience and competitive pricing offered by online platforms, caters to the diverse needs and preferences of female consumers.



23% Apparels



20% Food service



17% Grocery



16% Medicine and Home Appliances respectively



15% Smartphones



Metros emerge as frontrunners in leveraging digital platforms to order food from online portals, purchase home appliances, apparels, groceries, medicines and smartphones.

This trend underscores the urban consumer's inclination towards the convenience and accessibility, offered by online shopping channels, shaping the digital consumption landscape in metropolitan areas.



21% Food service



17% Apparels, Grocery, Medicines and Smartphones respectively



15% Home Appliances

Consumers from South India demonstrate a notable reliance on online mediums for purchasing apparels, smartphones and everyday essentials like groceries and medicines.

This regional preference highlights the increasing adoption of digital platforms for shopping, driven by factors such as convenience, variety and accessibility, particularly among consumers in Southern regions.



28% Apparels



25% Smartphones



24% Food service



22% Medicine and Home Appliances respectively

06 SAFEGUARDING AGAINST ONLINE FRAUD

Cybercriminals employ various tactics, including phishing emails, fake websites and malware, to deceive users and compromise their sensitive information. The widespread use of smartphones for online activities, though has provided with immense convenience, has also increased the risk of data breaches and identity theft.

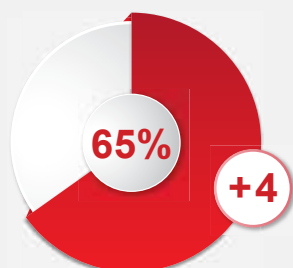
One of the key reasons behind the prevalence of online fraud is the lack of awareness among users regarding potential risks and security measures. Many consumers may not recognize the signs of a scam or understand how to safeguard their financial data effectively. Additionally, the anonymity and global reach of the internet makes it easier for fraudsters to operate across borders and evade detection.



As the financial ecosystem continues to expand, consumers must remain vigilant and proactive in protecting themselves against online fraud. This includes staying informed about common scams, using secure payment methods and reputable online platforms, regularly updating security software and practicing caution when sharing personal information online.

Furthermore, collaboration between government agencies, financial institutions and cybersecurity experts is essential towards combating online fraud effectively. By raising awareness, implementing robust security measures and fostering a culture of cyber hygiene, stakeholders can work together to mitigate risks associated with digital transactions and ensure a safer online environment for all.

6.1 AWARENESS AND VULNERABILITY TO ONLINE FRAUDS



“I HEAR / SEE ONLINE FINANCIAL FRAUDS HAPPENING AROUND”

As digital transactions become increasingly prevalent, awareness of financial frauds is a growing concern, with almost 2/3rd of the consumers familiar with instances of such fraud.

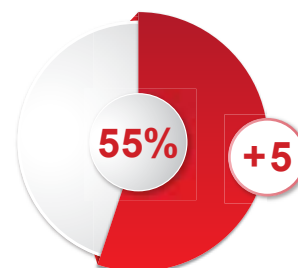
Notably, residents of smaller towns (Tier 1 and Tier 2 cities) exhibit higher levels of awareness, likely due to their experiences with digital platforms and associated risk.

Awareness levels are lower in Southern India, primarily in cities like Bangalore and Hyderabad, while it is higher in Northern and Eastern cities like Jaipur, Chandigarh, Ludhiana and Dehradun.

As consumers are increasingly targeted by fraudulent schemes, more than half (55%) report receiving hoax calls with fraudulent financial intentions.

Interestingly, there are fewer reports from Southern India (except Chennai) compared to other regions, suggesting potential variations in scam tactics or reporting habits across different geographical areas.

This trend underscores the importance of heightened vigilance and awareness among consumers to safeguard against financial fraud.



“I RECEIVE HOAX CALLS / MESSAGES THAT ARE TRIGGERED WITH AN INTENT TO COMMIT FINANCIAL FRAUD”



“I HAVE BEEN A VICTIM OF ONLINE FINANCIAL FRAUD IN THE PAST”

Instances of financial frauds have become a pressing concern, with one in five consumers (21%) reporting experiences of such fraud, reflecting the pervasive nature of the issue.

Moreover, the concentration of fraud cases in Northern cities like Delhi, Jaipur and Chandigarh, along with notable occurrences in Hyderabad and Pune highlights the urgency of addressing fraud prevention measures nationwide.

Figures in circles represent change
2023 vs 2024

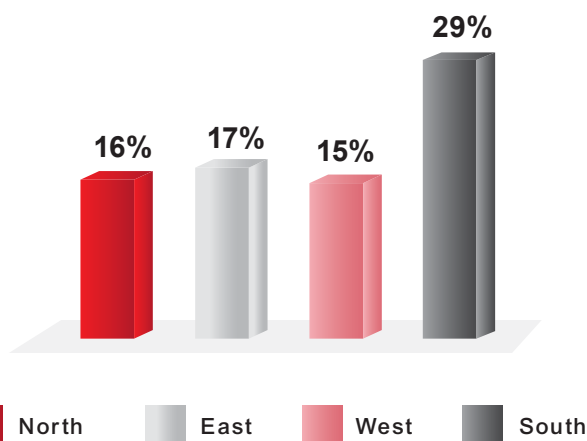
6.2 ADDRESSING ONLINE SECURITY CONCERNS

As awareness about financial frauds rise, consumers are becoming more vigilant about the security of their smartphones, where a significant amount of confidential financial information may be stored.

However, despite this heightened awareness, nearly one-fifth of consumers (19%) still admit to storing such sensitive data on their devices. This behavior is particularly prevalent among certain demographics, including younger users (Gen Z), women and residents of South India, with Chennai being highlighted as a specific area of concern.



“ I STORE CONFIDENTIAL FINANCIAL INFORMATION ON MY SMARTPHONE ”

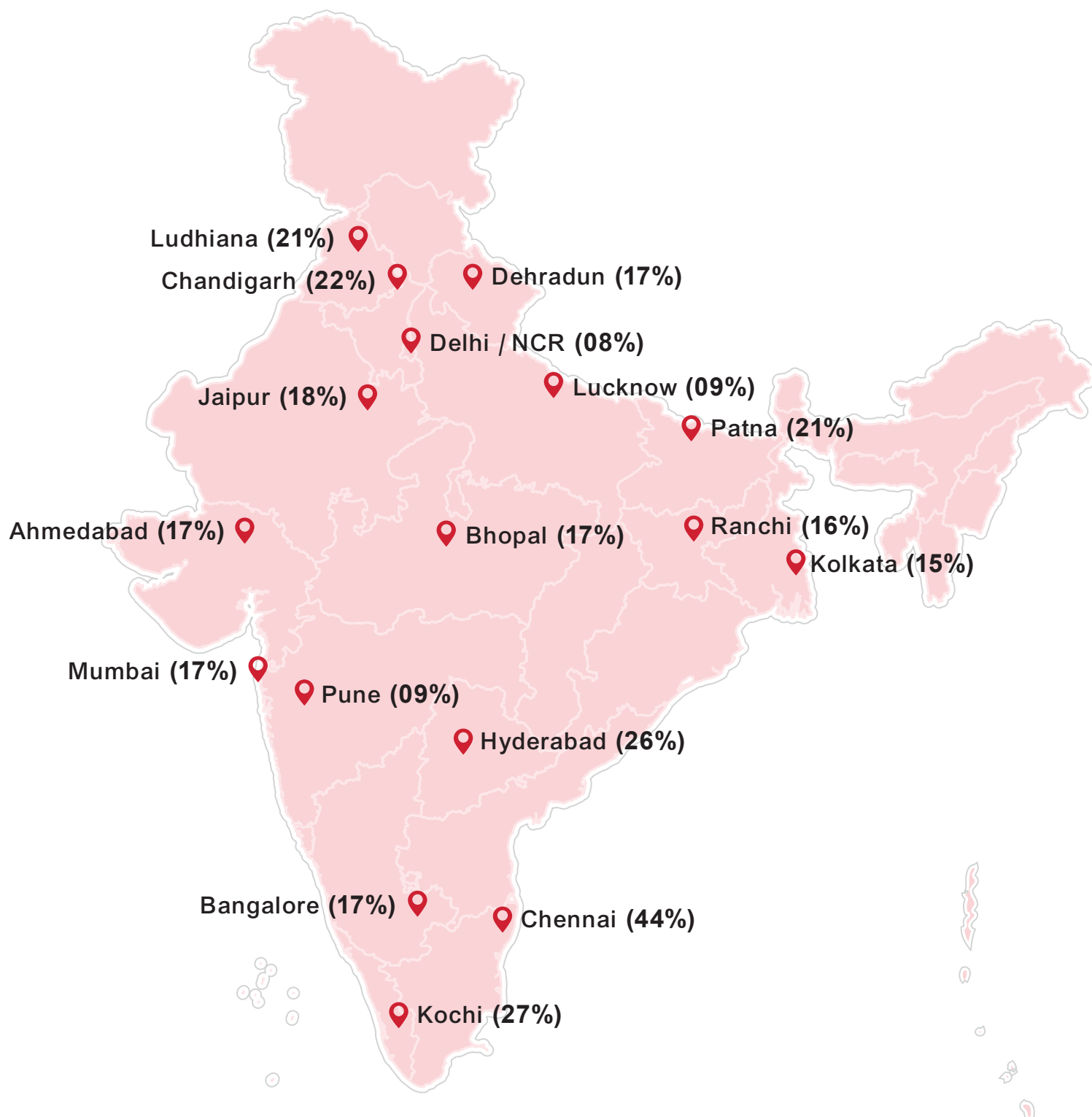


Figures in circle represent change
2023 vs 2024

The reasons behind this behavior may vary. Younger users, who are often more tech-savvy, may feel more confident in their ability to secure their devices, while women may prioritize convenience over security when managing their finances on mobile platforms. Additionally, residents of South India, where smartphone penetration is high and digital transactions are increasingly common, may perceive the risk of data breaches differently than those in other regions.

However, it's encouraging to note that there has been a 6% decline in this behavior over the last two years. This suggests that efforts to raise awareness about the importance of safeguarding financial information are beginning to yield results as consumers become more prudent in their handling of sensitive data. This positive trend underscores the effectiveness of education and outreach initiatives aimed at promoting greater cybersecurity awareness among the general public.

CITY WISE SHARE OF CONSUMERS WHO STORE FINANCIAL INFORMATION ON THEIR SMARTPHONE



6.3 ADDRESSING THE TREND OF SHARING SENSITIVE FINANCIAL INFORMATION

Despite growing awareness about the importance of safeguarding confidential financial information, a concerning trend persists where one-fourth of consumers (24%) admit to sharing such sensitive data with friends or family members.

This behavior significantly elevates the risk of data exposure and potential frauds. Notably, consumers from Chennai demonstrate a particularly high level of complacency in this regard, highlighting the need for increased education and awareness campaigns to address risky behaviors surrounding financial information sharing.

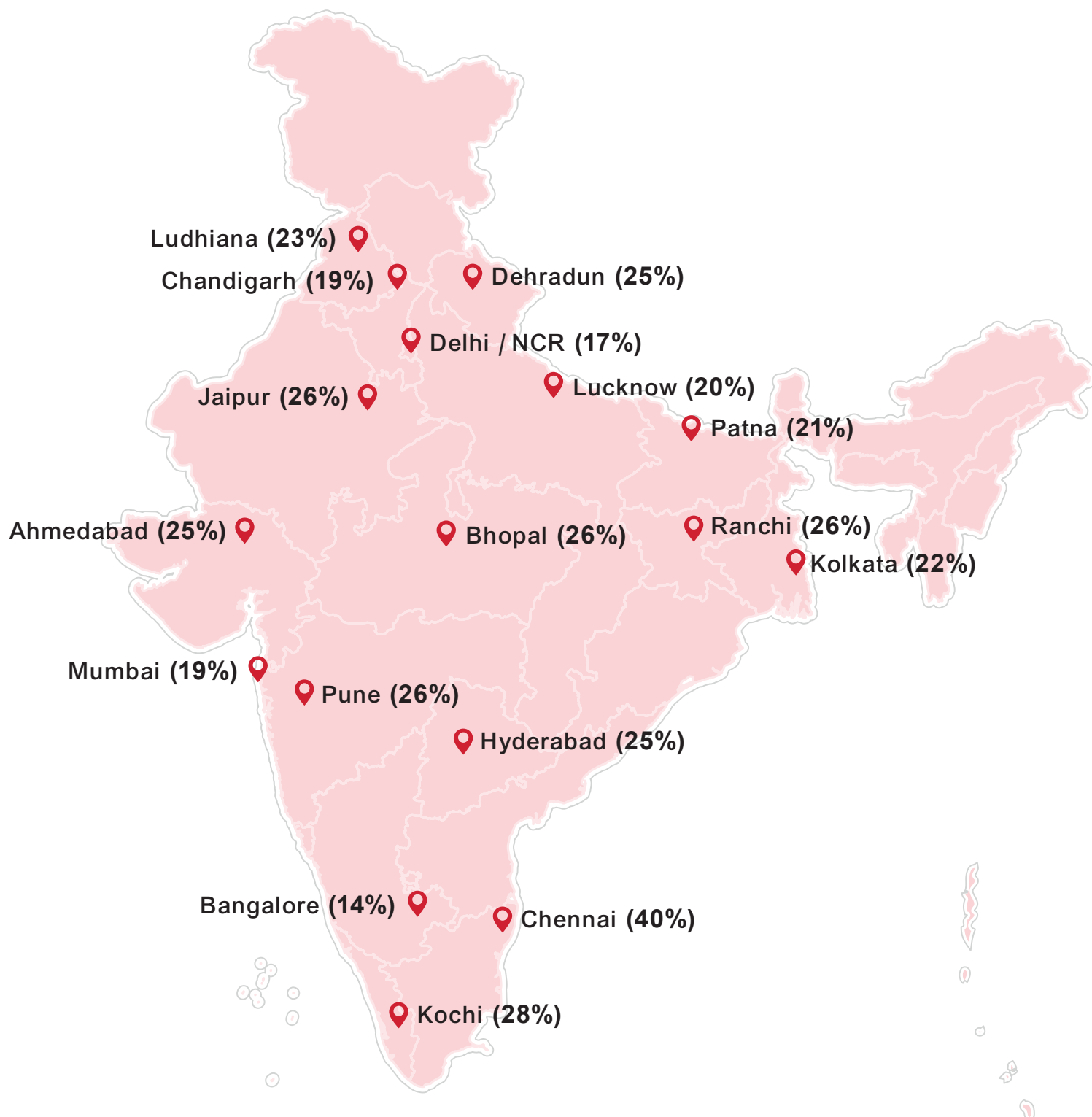


“ I SHARE MY CONFIDENTIAL FINANCIAL INFORMATION WITH MY FRIENDS / FAMILY ”

Figures in circle represent change
2023 vs 2024

For protection against the rising threat of online fraud, consumers should stay informed about common scams and use secure payment methods. They should verify the legitimacy of websites and emails, strengthen passwords and regularly update security software. Additionally, practicing caution with personal information, monitoring accounts for suspicious activity and promptly reporting any suspected fraud are essential measures for consumer protection. By adopting these strategies, consumers can minimize their risk of falling victim to online fraud and safeguard their financial security.

CITY WISE SHARE OF CONSUMERS WHO SHARE FINANCIAL DATA WITH THEIR FRIENDS / FAMILY



07 **UPI:** TRANSFORMING INDIA'S DIGITAL PAYMENT LANDSCAPE

Unified Payment Interface (UPI) has emerged as a transformative force in India's digital payment landscape, reshaping the way consumers conduct financial transactions and laying the foundation for a cashless economy. Since its inception, UPI has revolutionized the payment ecosystem by offering a seamless, secure and instant platform for transferring funds. It's user-friendly interface and interoperability across banks and payment service providers has democratized access to digital payments, enabling even those without traditional banking access to participate in the digital economy.

Beyond its convenience, UPI has played a pivotal role in driving financial inclusion by bridging the gap between the banked and unbanked segments of society. By providing simple and accessible means of conducting transactions, UPI has empowered millions of consumers, particularly residing in underserved areas. Moreover, UPI has been instrumental in promoting digital literacy by encouraging users to adopt digital payment methods and familiarize themselves with online banking services.

Furthermore, UPI has been a catalyst for India's journey towards becoming a digitally empowered nation. Its widespread adoption has accelerated the shift away from cash-based transactions, reducing reliance on physical currency and enhancing transparency in financial transactions. Additionally, UPI has fueled innovation in the fintech sector, spurring the development of innovative payment solutions and driving economic growth.

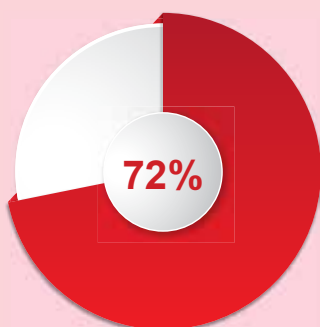
In essence, UPI represents a paradigm shift in India's payment ecosystem, fostering financial inclusion, promoting digital literacy and propelling the nation towards a more inclusive and digitally empowered future.



7.1 EMPOWERING FINANCIAL INCLUSION: THE UBIQUITOUS PRESENCE OF UPI

UPI is a game-changer in India's digital payment landscape, revolutionizing the way consumers transact and paving way for a cashless economy. It has played a pivotal role in driving financial inclusion, promoting digital literacy and transforming India into a digitally empowered nation.

With its near-ubiquitous presence, UPI has become a cornerstone of India's digital payment ecosystem, with over 70% of lower middle class consumers actively utilizing the platform for seamless money transfers and receipts.



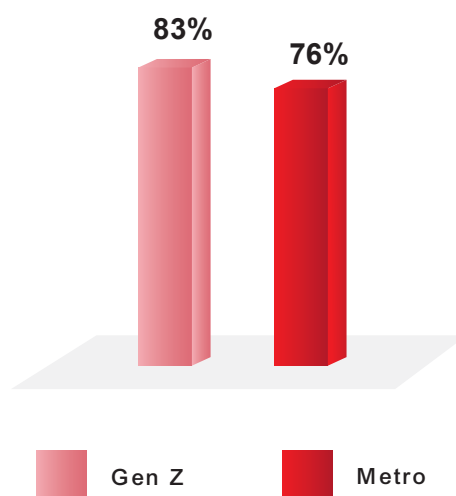
**“I USE UPI TO TRANSFER
AND RECEIVE MONEY
FROM OTHERS”**

This widespread adoption underscores UPI's unparalleled convenience, accessibility and reliability, making it the preferred choice for a diverse range of financial transactions among this demographic.

The popularity of UPI is transcending demographics and geographic boundaries, gaining widespread acceptance across diverse segments of society and various regions of the country.

Particularly, young adults from Gen Z and residents of metropolitan areas stand out as the primary users of UPI, drawn to its convenience and versatility for various financial transactions.

As digital literacy continues to grow and mobile penetration deepens, UPI's reach is expected to expand further, reshaping India's digital payment landscape.



7.2 CATALYZING INDIA'S DIGITAL REVOLUTION

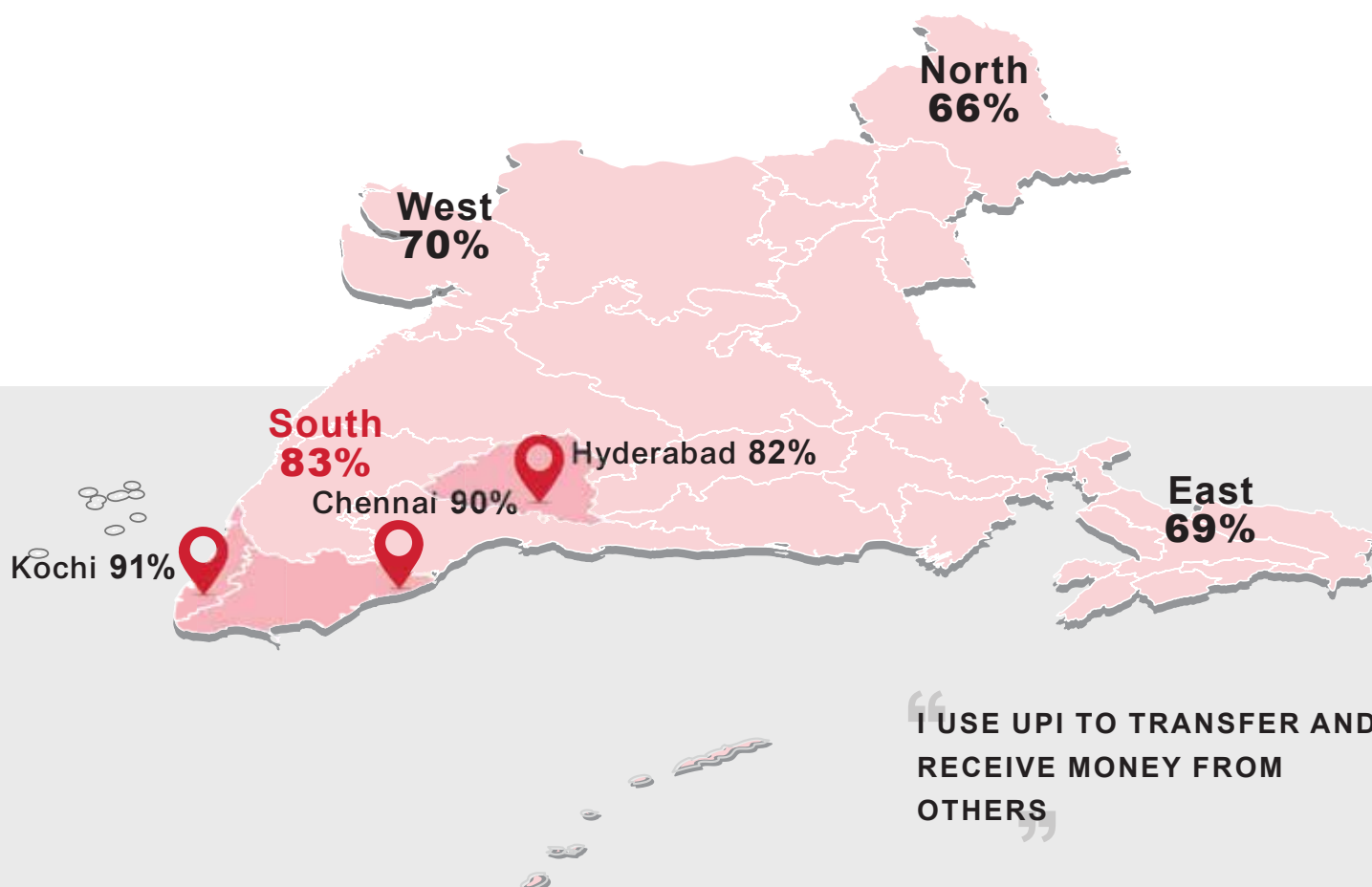
UPI's significant presence across India underscores its pivotal role in catalyzing the nation's transition towards a digital economy, fostering financial inclusion and driving socio-economic growth.

This widespread adoption of UPI reflects the platform's seamless and efficient transaction capabilities, which have resonated with consumers across diverse demographics and regions.

Exploring geographical variations reveals a substantial UPI presence in Southern India, where a remarkable 83% of consumers report using UPI for transactions.

This widespread adoption underscores the region's embrace of digital payment solutions and the convenience offered by UPI. Particularly noteworthy are cities like Chennai (90%), Hyderabad (82%) and Kochi (91%), which stand out for their high levels of UPI adoption.

These statistics highlight the growing preference for digital transactions in Southern India and the pivotal role of UPI in facilitating cashless transactions across diverse urban centers in the region.



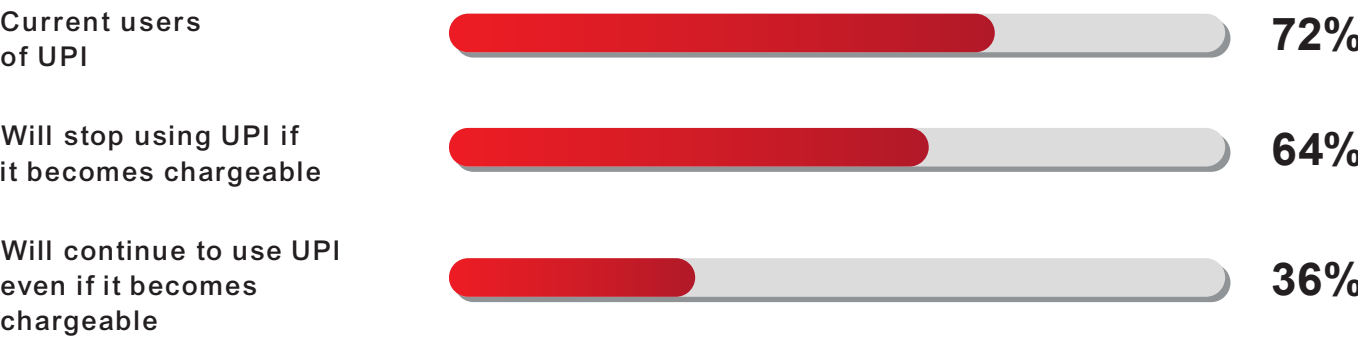
7.3 THE IMPACT OF CHARGES ON UPI ADOPTION

The absence of charges on UPI transactions stands out as a key feature driving its widespread adoption, particularly among the lower middle class consumers.

With 72% of this demographic currently utilizing UPI, its no-fee structure has become a significant incentive for cost-sensitive consumers. However, there's a notable sentiment shift among these consumers, with 64% expressing their intent to discontinue using UPI if charges are introduced. This apprehension is particularly pronounced among consumers in metropolitan areas like Bangalore (83%) and Hyderabad (87%), where heightened sensitivity to costs is observed.

Conversely, 36% of users identify as convenience seekers and indicate their willingness to continue using UPI even if charges are imposed. This suggests that while cost remains a significant consideration, convenience and ease of use are equally influential factors in retaining users.

These insights underscore the delicate balance between cost considerations and user experience in shaping consumer behavior towards digital payment platforms like UPI. As policymakers and service providers navigate the potential implications of introducing charges, they must carefully weigh the impact on user adoption and satisfaction to ensure the continued success and accessibility of digital payment solutions.



08 EMPOWERING USERS WITH CREDIT INNOVATION ON UPI

UPI has not only transformed digital transactions but also revolutionized the credit landscape in India through innovations like UPI Lite and Credit on UPI. These advancements empower users with unprecedented access to financial services, fostering financial inclusion and empowerment across diverse demographics.

UPI Lite, a streamlined version of the UPI interface, caters to users with low-end smartphones or limited internet connectivity, ensuring accessibility for all. This innovation enables users to conduct basic transactions (up to ₹500) seamlessly, including peer-to-peer transfers and bill payments, even with minimal technological resources. By bridging the digital divide, UPI Lite ensures that no one is left behind in the digital economy, thereby promoting financial inclusion and empowerment among underserved consumers.

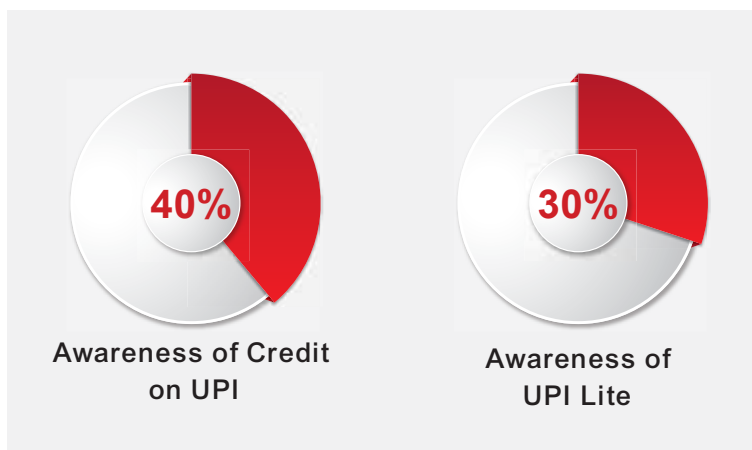
On the other hand, **Credit on UPI** introduces a paradigm shift in the lending landscape by enabling users to access instant credit directly through their UPI-enabled apps. This innovation leverages UPI's real-time payment capabilities to offer quick and convenient loan disbursements, eliminating the need for traditional loan approval processes and extensive documentation. Users especially those from lower-income segments can now meet their financial needs promptly whether it's for emergencies, education, healthcare or business ventures, without the hassle of collateral or lengthy paperwork.



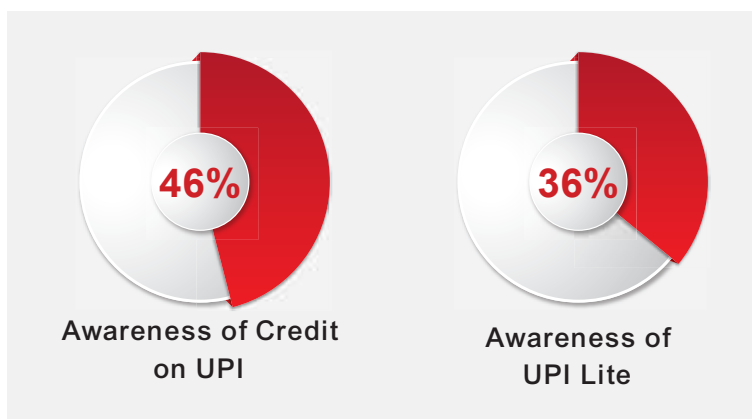
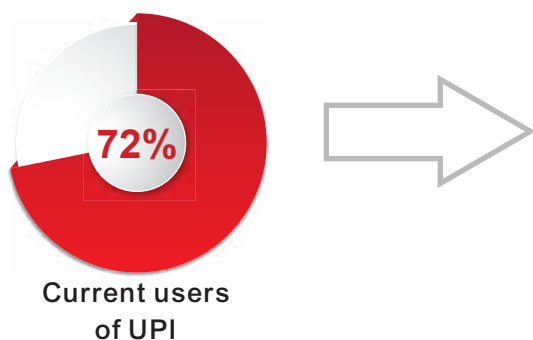
These innovations provide users with greater financial flexibility and control. This empowers consumers to manage their finances more effectively, make purchases and access credit on their own terms, thereby enhancing their Financial Well-Being and Resilience.

8.1 CLOSING THE AWARENESS GAP: EDUCATING CONSUMERS ABOUT UPI INNOVATIONS

Despite the widespread adoption of UPI among 72% of lower middle class consumers, awareness of newer concepts like Credit on UPI and UPI Lite remains limited, with only 40% and 30% of users being aware of these innovations, respectively.



Total base (n) = 2,500



Base (n) = 1800

Interestingly, awareness of Credit on UPI and UPI Lite is higher among current UPI users (46% & 36% respectively), indicating a potential for increased adoption, as awareness grows among a broader section of consumers.

This highlights the importance of education and outreach efforts to enhance awareness and drive adoption of these transformative credit innovations.

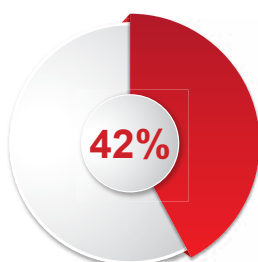


8.2 BRIDGING THE GAP: ENHANCING ACCEPTANCE OF CREDIT ON UPI AND UPI LITE

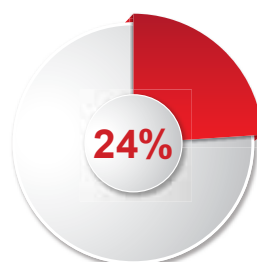
Despite efforts to educate consumers about Credit on UPI, acceptance remains relatively low at just 42% among credit users, indicating a need for further intervention and awareness campaigns.

Similarly, the acceptance of UPI Lite is even lower at 24%, underscoring the necessity for Government and Financial Institution (FI) intervention to educate consumers about its benefits and enhance trust through fraud prevention measures.

These findings highlight the importance of ongoing education and outreach initiatives to drive adoption and build confidence in these innovative UPI features.



Potential users of
Credit on UPI



Potential users of
UPI Lite

8.3 UNLOCKING CONVENIENCE: DRIVING ADOPTION OF CREDIT ON UPI

For 53% of consumers, the primary motivation for adopting Credit on UPI lies in its time-saving capabilities, streamlining the loan processes and reducing administrative hassles.

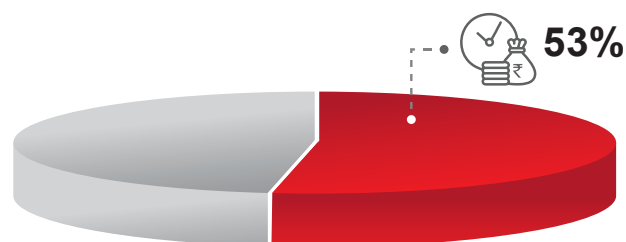
Convenience also plays a significant role, with 44% users attracted to the ease of accessing credit directly through their UPI-enabled apps.

Additionally, the allure of superior offers 23% and reduced fees 16% further enhances the appeal of Credit on UPI, driving its adoption among consumers seeking greater financial flexibility and value.

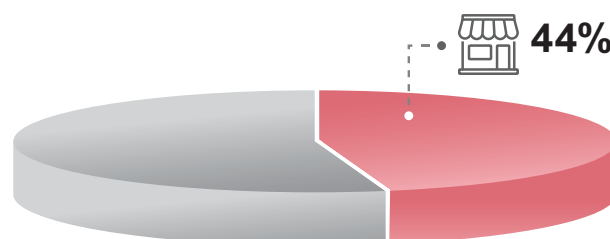


These insights underscore the multifaceted benefits of Credit on UPI, aligning with consumer preferences for efficiency, convenience and value-added services in financial transaction

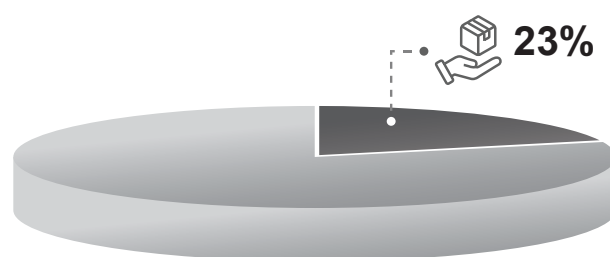
REASONS FOR USING CREDIT ON UPI



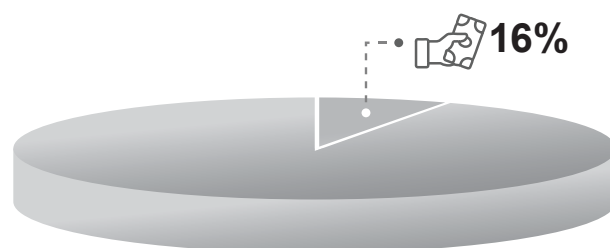
SAVES TIME WHILE TAKING LOAN



SHOPPING AT RETAIL STORES BECOMES EASIER



POSSIBILITY OF GETTING BETTER OFFERS



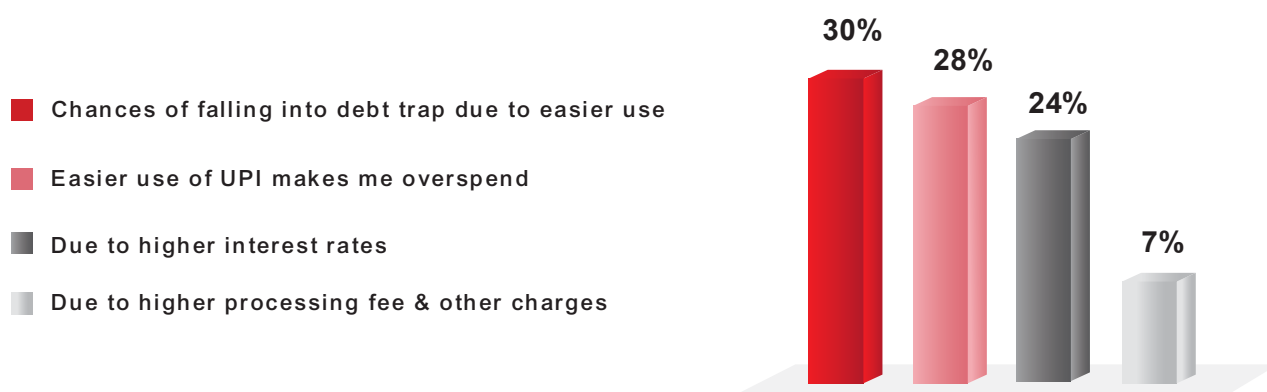
LESSER FILE CHARGE & OTHER CHARGES

8.4 ADDRESSING APPREHENSIONS TOWARDS CREDIT ON UPI

Around 30% of consumers express reservations about utilizing Credit on UPI, fearing it may lead them into a debt trap.

Additionally, approximately 28% are wary that it might encourage overspending, while 24% are cautious due to concerns about high interest rates and charges.

REASONS WHY CONSUMERS WON'T LIKE TO USE CREDIT ON UPI



These findings reflect a mix of apprehensions among consumers regarding the potential risks and financial implications associated with accessing credit through UPI, highlighting the importance of addressing these concerns to foster greater trust and adoption of the services.



8.5 EMBRACING INNOVATIONS ON UPI

The adoption and acceptance of innovative concepts like UPI Lite and Credit on UPI hinge on various factors, primarily awareness and perceived value. To encourage widespread adoption, these services must offer seamless and efficient transactions, accompanied by agile customer support and user-friendly interfaces.

Additionally, a robust regulatory framework and clear guidelines will instill trust and confidence among users.

Despite the potential benefits, skepticism persists among some consumers (30%) with concerns about falling into debt being a significant deterrent. This apprehension underscores the importance of promoting responsible usage and providing educational resources to empower users in making informed financial decisions.



By addressing these concerns and emphasizing the advantages of UPI innovations, stakeholders can pave the way for greater acceptance and utilization of these transformative digital payments.



**HOME
CREDIT**



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