



BRIDGING THE GAP

Unlocking growth from
New-To-Credit Borrowers



APRIL 2026
(Data as of February'26)



INTRODUCTION

This research report examines the evolving landscape of new-to-credit (NTC) borrowers in India and their growing role in driving credit expansion and financial inclusion. It explores who these borrowers are, the products they prefer, and how borrowing patterns vary across gender, age, and geography. It also assesses how their early credit performance develops after entering the formal lending system.

Three core themes emerge: the expanding yet increasingly selective NTC market; product and demographic segments offering the strongest growth potential; and the improving quality of many first time borrowers over time. Together, these dimensions provide lenders with a practical view of where to deepen outreach, manage risk effectively, and build sustainable borrower relationships. Overall, the report shows that NTC is not only a financial inclusion opportunity but also a sustainable credit growth opportunity when approached with the right product, geography, and risk strategy.

All figures in this report are based on data reported to the consumer bureau, unless otherwise specified.

Definition:

NTC is defined as borrowers who take their first ever loan and have no prior credit history or footprint in the bureau.

EXECUTIVE SUMMARY

As of February 2026, the total credit active population reported to the consumer bureau stood at 29 crore. Correspondingly, the new-to-credit (NTC) borrower base in India has expanded steadily, with borrowers entering the formal credit system rising from 3.6 crore in 12M Ending Feb'22 to 4.4 crore in 12M Ending Feb'26, reflecting a CAGR of 5.1%.

While NTC continues to be a meaningful growth engine for financial inclusion, lenders have become more selective, and NTC accounts now account for a moderated but still 17.8% of overall originations by volume.

NBFCs dominate NTC lending, contributing more than 60% of NTC accounts, while private banks and PSU banks remain relatively cautious.

Consumer durable loans are the primary entry point for NTC borrowers, followed by gold loans and two-wheeler loans. These three loan categories together accounted for about 60% of the overall NTC account distribution. Business loans have gradually increased in share, rising from 8.9% in the 12 months ending Feb'22 to 9.5% in the 12 months ending Feb'26 within the overall NTC accounts.

Borrowers tend to repeat similar product choices in their next loan cycle, indicating a steady progression from small-ticket, easy-to-onboard products before moving toward more secured credit segments.

NTC originations comes from the 26–35 age group for Consumer Durables, Gold Loans, and Business Loans, while borrowers aged ≤25 lead in personal loans and two-wheeler loans. Additionally, well over 50% of NTC originations for major NTC product categories are sourced from the BT 100 cities. For business loans and two-wheeler loans, this share exceeds 70%.

A notable structural shift is the rising participation of women borrowers in 12M Ending Feb'26, whose share in NTC accounts has increased from 33% to 41% over five years. Women are increasingly active in consumer durable, gold, and business loans, with business loans emerging as an important avenue for female entrepreneurship.

Geographically, women's NTC activity is strongest in Uttar Pradesh, Tamil Nadu, and Maharashtra, while men's NTC activity is concentrated in Uttar Pradesh, Maharashtra, Bihar, and West Bengal.

The report also indicates encouraging early credit performance among NTC borrowers: nearly 67% move into very low-risk or low-risk categories one year after origination. This suggests that many first-time borrowers, when entered through appropriate product types and calibrated lending practices, can mature into relatively strong credit profiles.

¹ Top 8, Top 9-50, Top 51-100 and Beyond Top 100 (BT100) cities are classified based on highest aggregated portfolio outstanding of consumer loans reported to CRIF High Mark, at the end of the financial year.

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Chapter 1

The New-To-Credit landscape as it unfolds

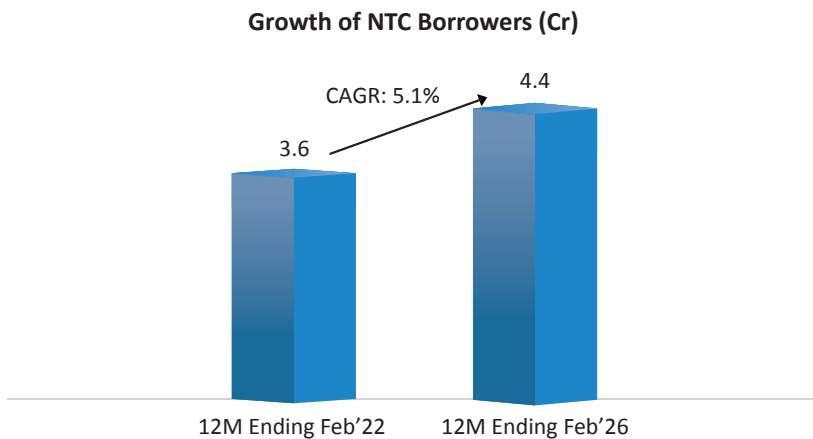


THE NEW-TO-CREDIT LANDSCAPE AS IT UNFOLDS

- Over the past five years, the Indian lending market has expanded to include a significant share of new-to-credit borrowers.
- The number of individuals entering the system has grown at a **CAGR of 5.1%**, rising from **3.6 crore** to **4.4 crore**. This underscores the structurally important role of NTC in driving financial inclusion and creating opportunities for exposure growth.

NTC borrowers entering the system - Based on originations in the respective years

Figure 1



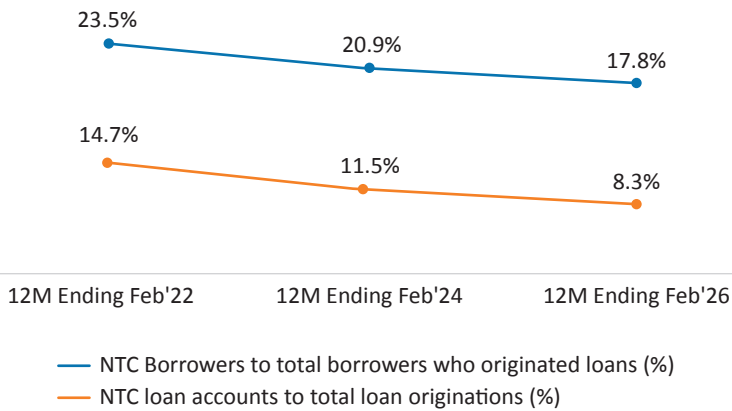
NTC mix becoming more selective and controlled:

However, the **share of NTC accounts-defined as individuals taking their first-ever loans as a proportion of total originations (by volume)** - has moderated over the years, suggesting that lenders are increasingly cautious toward NTC segments, prioritizing existing borrowers and portfolio quality.

However, the share of NTC borrowers remains at 17.8%. The moderation in NTC loan share reflects a more calibrated approach by lenders in managing credit exposure among new borrowers.

Share of NTC originations to overall originations

Figure 2

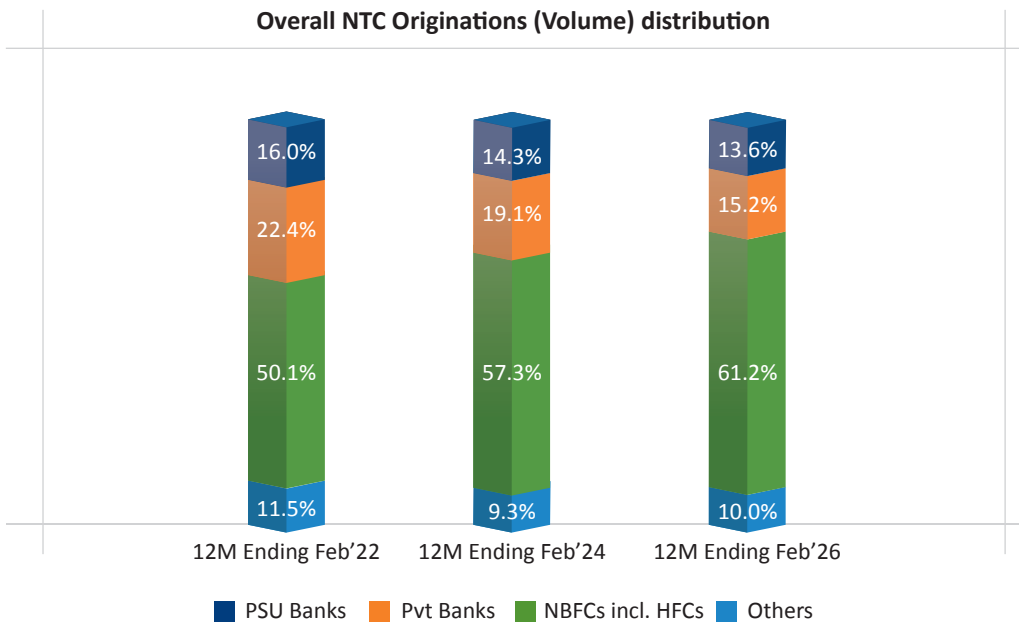


Lenders' share in NTC originations:

NBFCs account for over 60% of new-to-credit (NTC) share of accounts, with their share in overall NTC originations volumes rising from 50.1% compared to five years ago. Private Banks and PSU Banks have remained cautious in NTC originations.

NTC originations by lender types - By distribution of NTC accounts

Figure 3



Note:- Others lender type includes SFBs, Foreign Banks, Cooperative Banks, RRBs, ARCs.





Chapter 2

Where does the opportunity lie from NTC originations?



Opportunity 1: In terms of product categories

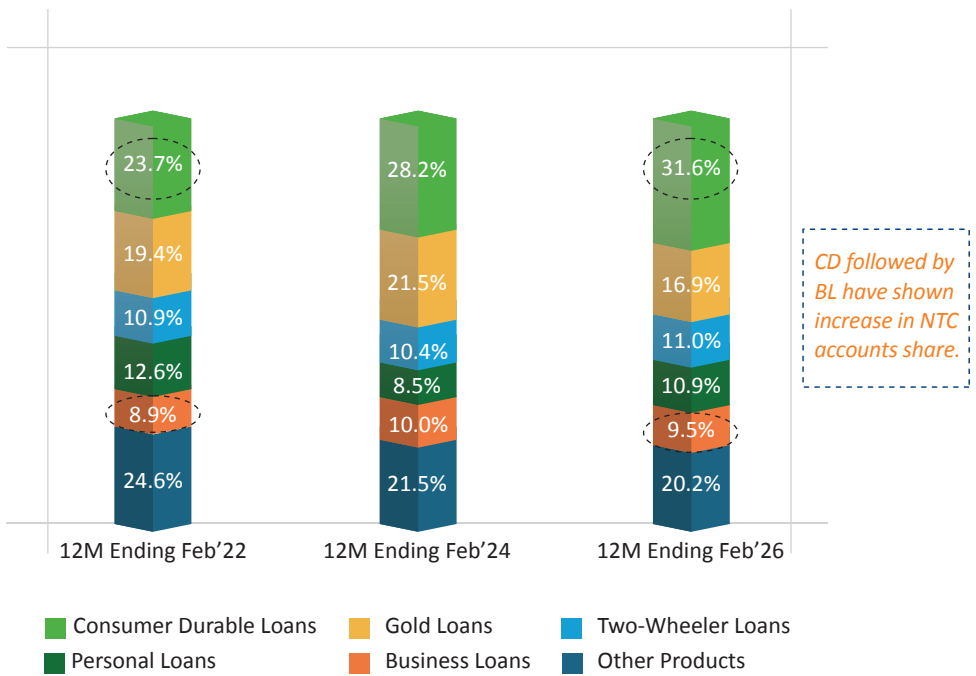
Product categories preferred by the NTC borrowers:

Sitting at the intersection of low-ticket loans, easier onboarding and financing options, **consumer durable loans are the top entry product for new-to-credit borrowers (32% share of NTC accounts distribution)**, followed by gold loans.

Over the last five years, the **share of consumer durable loans** in NTC originations accounts has **grown**, while personal loans have moderated. Business loans have inched up from 8.9% to 9.5%, reflecting a gradual shift toward entrepreneurial and sole proprietor segments.

NTC accounts distribution - By product category

Figure 4



In terms of the NTC accounts (originations volume) distribution, consumer durable loans hold the largest share followed by Gold Loans, and Two-Wheeler loans.

WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

Next loan taken by NTC borrowers:

Base: For NTC borrowers who originated loans in the 12 M ending Feb'25, we did an analysis on the next products that are taken by them, **after a period of 6 to 12 months.**

Results:

1. Most borrowers tend to prefer **similar product types, especially consumer durables and gold loans among NTC borrowers.** For two-wheeler borrowers, consumer durable loans emerge as the next best product choice.
2. **Consumer durables, gold loans, personal loans, and two-wheeler loans again emerge as the predominant next-choice products** for NTC borrowers. This pattern underscores their tendency to begin with easy-financing, small - ticket loans before gradually transitioning into secured credit segments.

Top 3 Products and Next loan taken by NTC Borrowers

Figure 5

Top 3 Products taken by the NTC borrowers	Next loan taken by the NTC borrowers in the 6-12 months of taking their NTC loans (according to the product category) - Percentage represents the share of accounts		
Consumer Durable Loans	Consumer Durable Loans 60.1%	Personal Loans 20.6%	Two-Wheeler Loans 7.1%
Gold Loans	Gold Loans 84.5%	Consumer Durable Loans 4.4%	Personal Loans 2.7%
Two-Wheeler Loans	Consumer Durable Loans 47.2%	Personal Loans 23.1%	Two-Wheeler Loans 7.9%

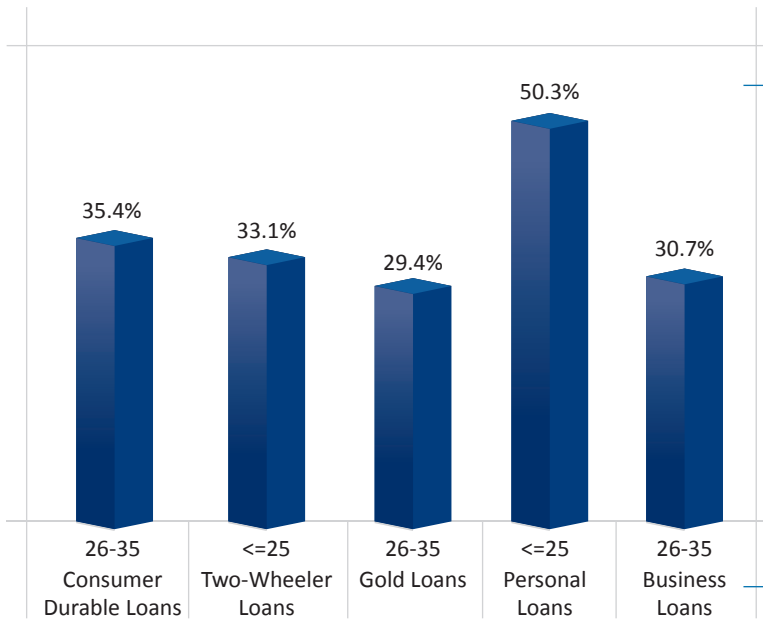
Note: The analysis is limited to NTC borrowers who took their next loan within 6–12 months of their first loan. 28.3% of NTC consumer durable loan borrowers opened subsequent products within this period. Likewise, the figure is 32.3% for NTC gold loan borrowers and 12.7% for NTC two-wheeler loan borrowers.

WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

Dominant age group in each product type - % represents the share of NTC accounts distribution by age group in each product type

(For the Period: 12M ending Feb'26)

Figure 6



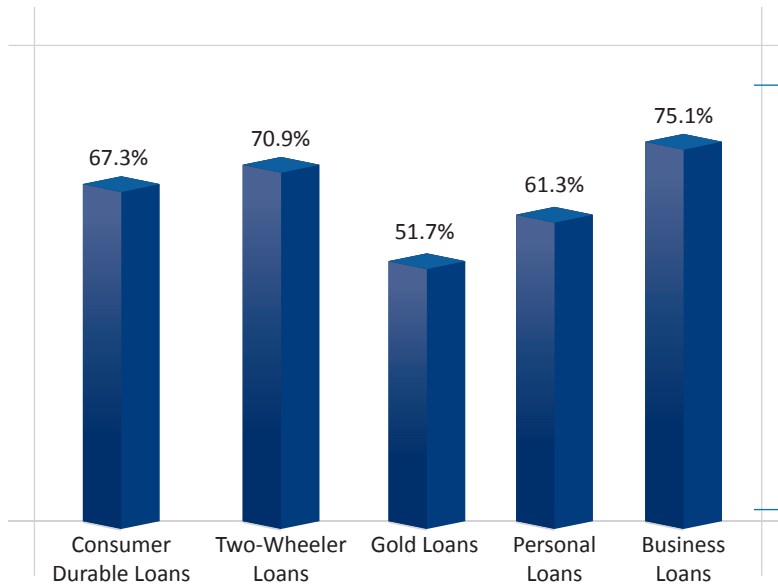
NTC originations comes from the 26-35 age group for CD, GL, and BL, while borrowers aged ≤25 lead in personal loans and two-wheeler loans.



WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

NTC accounts distribution by city classification (BT 100)* - Product type wise

Figure 7



Well over 50% of NTC originations within major NTC product categories are sourced from the BT 100 cities. For business loans and two-wheeler loans, this share exceeds 70%.

*Top 8, Top 9-50, Top 51-100 and Beyond Top 100 (BT100) cities are classified based on highest aggregated portfolio outstanding of consumer loans reported to CRIF High Mark, at the end of the financial year.

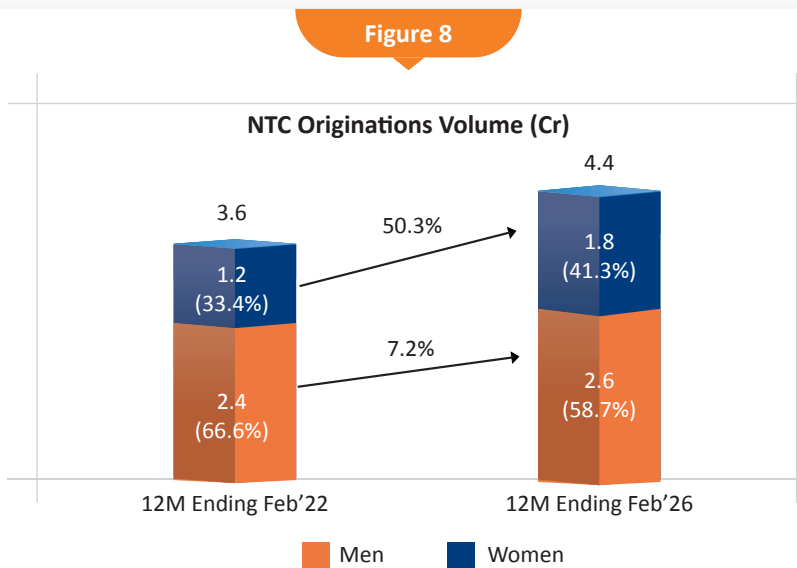


Opportunity 2: Demographic opportunities in NTC originations

In the past five years, the **share of women borrowers in overall NTC originations** volume (accounts) has risen from **33% to 41%**, underscoring their growing prominence in the segment and their role in driving new-to-credit growth across the lending ecosystem.

Key drivers such as stronger risk profiles, improved credit discipline, and supportive government schemes have contributed to the rising share of women in NTC originations.

Distribution of NTC Originations - By gender type



*Figure in bracket shows share of Men/Women within that period.



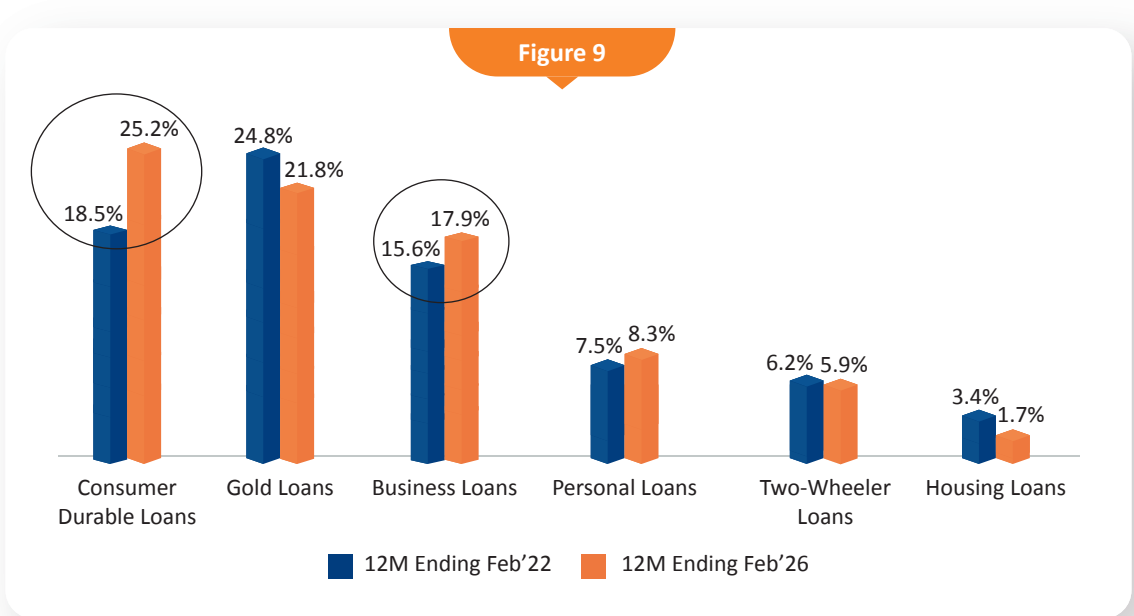
WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

Product type share

Across the major NTC product categories, **consumer durable loans remain a key area of focus for both men and women borrowers.**

Women borrowers, while maintaining a higher share of accounts in gold loans (as compared to men borrowers), are steadily increasing their participation in business loans (apart from CD loans). This trend highlights their growing involvement in sole proprietorships and the broader business ecosystem.

Distribution of NTC accounts of Women borrowers by Product Categories



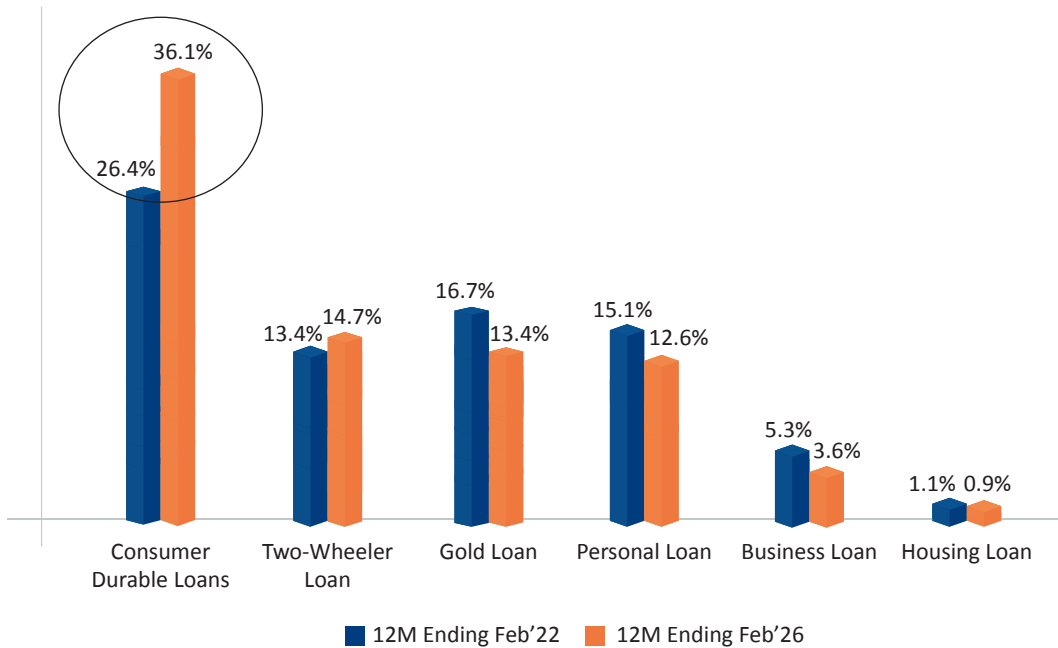
*The rising share of **business loans among female borrowers** underscores the expanding role of NTC in fostering female entrepreneurship.*

WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

Additionally, consumer durables, two-wheeler, and personal loans constitute a higher share of NTC accounts for male borrowers compared to female borrowers (36.1% for men vs. 25.2% for women for CD; 12.6% for men vs. 8.3% for women for PL; and 14.7% for men vs. 5.9% for women for TW), indicating that consumption-led credit expansion is more concentrated among men than women borrowers.

Distribution of NTC accounts of Men borrowers by Product Categories

Figure 10



WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

Geographic distribution

- The share of women borrowers in their **NTC originations is highest in UP, followed by TN and MH.**
- In southern states - **KA, AP, KL, and TN** - women predominantly enter through gold loans.
- Distribution of NTC accounts for women borrowers has **increased most notably in UP, WB, and BR.**

State wise NTC Originations accounts distribution - For Women NTC Borrowers

Figure 11

Top 10 States	12M Ending Feb'22	12M Ending Feb'26	Dominating Product Categories
UP	8.2%	10.4%	Consumer Durable Loans (32.8%)* Business Loan (18.7%)
TN	11.8%	10.0%	Gold Loan (53.3%) Consumer Durable Loans (14.9%)
MH	9.7%	9.2%	Consumer Durable Loans (28.7%) Business Loan (15.3%)
WB	6.4%	8.9%	Business Loan (38.0%) Consumer Durable Loans (27.9%)
BR	4.3%	7.0%	Consumer Durable Loans (33.9%) Business Loan (32.4%)
KA	8.0%	6.8%	Gold Loan (36.7%) Consumer Durable Loans (17.0%)
AP	8.6%	5.5%	Gold Loan (50.0%) Consumer Durable Loans (14.5%)
MP	4.5%	5.0%	Consumer Durable Loans (27.1%) Business Loan (25.7%)
TS	5.4%	4.6%	Gold Loan (37.6%) Consumer Durable Loans (14.5%)
KL	5.6%	4.3%	Gold Loan (40.6%) Consumer Durable Loans (20.6%)
Rest of India	27.6%	28.4%	Consumer Durable Loans (28.0%) Business Loan (16.9%)
Pan India	100.0%	100.0%	Consumer Durable Loan (25.2%) Gold Loan (21.8%)

Business loans dominate in 5 of the top 10 states for women borrowers in NTC Originations.

*Distribution of NTC accounts of women borrowers within each state by product category for the 12 months ending February 2026. For example, consumer durable loans (32.8%) indicate that 32.8% of women borrowers' NTC accounts in Uttar Pradesh are from CD loans.

WHERE DOES THE OPPORTUNITY LIE FROM NTC ORIGINATIONS?

- For male NTC borrowers, **BR has replaced TN** among the top three states.
- The shares of **UP and BR, followed by WB, have increased** - similar to the trend seen among women borrowers in NTC accounts distribution, with Uttar Pradesh's share rising by 3%.

State wise NTC Originations volume distribution - For Men NTC Borrowers

Figure 12

Top 10 States	12M Ending Feb'22	12M Ending Feb'26	Dominating Product Categories
UP	14.0%	17.0%	Consumer Durable Loan (47.8%)* Two-Wheeler Loan (16.1%)
MH	9.8%	8.5%	Consumer Durable Loan (36.2%) Personal Loan (14.4%)
BR	5.5%	7.8%	Consumer Durable Loan (52.5%) Two-Wheeler Loan (19.1%)
WB	6.1%	6.9%	Consumer Durable Loan (45.3%) Two-Wheeler Loan (14.8%)
MP	6.0%	6.6%	Consumer Durable Loan (35.0%) Two-Wheeler Loan (20.1%)
TN	6.8%	6.5%	Gold Loan (40.2%) Consumer Durable Loan (18.9%)
RJ	6.2%	5.9%	Consumer Durable Loan (38.4%) Two-Wheeler Loan (15.3%)
KA	6.7%	5.5%	Gold Loan (30.2%) Consumer Durable Loan (20.4%)
GJ	5.2%	5.1%	Consumer Durable Loan (30.1%) Two-Wheeler Loan (17.5%)
AP	5.4%	3.9%	Gold Loan (36.4%) Personal Loan (18.6%)
Rest of India	28.1%	26.4%	Consumer Durable Loan (32.3%) Gold Loan (14.5%)
Pan India	100.0%	100.0%	Consumer Durable Loan (36.1%) Two-Wheeler Loan (14.7%)

NTC originations from the rest of India are declining among male borrowers but rising among female borrowers.

*Distribution of NTC accounts of men borrowers within each state by product category for the 12 months ending February 2026. For example, consumer durable loans (47.8%) indicate that 47.8% of men borrowers' NTC accounts in Uttar Pradesh are from CD loans.

Opportunity 3: Quality borrowing profiles in NTC originations

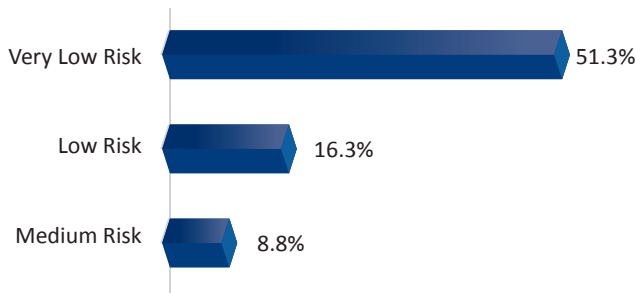
Analysis of new-to-credit borrowers shows that after one year of entering the formal credit system, **a significant portion demonstrate stronger risk profiles**. Nearly 67% of borrowers fall into the very low risk and low risk categories based on their portfolio distribution scores, one year after loan origination.

This improvement could be driven by several structural factors, including manageable entry points through small ticket personal or consumer durable loans, the establishment of repayment track records, and the risk calibrated approach of lenders.

Distribution of scores for NTC borrowers after one year of loan originations (Scores as of Feb'26 for the NTC borrowers who originated loans between Mar'24 to Feb'25)

For the Top NTC product categories: CD, TWL, BL, PL, and GL

Figure 13



NTC product type categories with higher share of Very Low Risk and Low Risk borrowers

Consumer Durable Loan	
Very Low Risk	66.2%
Low Risk	14.2%
Medium Risk	9.4%

Two-Wheeler Loan	
Very Low Risk	68.3%
Low Risk	7.0%
Medium Risk	10.7%

Note: VHR, HR forms the rest of the share of borrowers.

Risk distribution is based on CRIF Credit Score, ranging from 300 to 900, which predicts the possibility of customer defaulting. Score bands: Very High Risk (300-399), High Risk (400-577), Medium Risk (578-644), Low Risk (645-693), Very Low Risk (694-900), and Not Scored.

GLOSSARY

- This report covers performance of NTC Borrowers defined as borrowers who take their first ever loan and previously had no credit history or footprint in the bureau.
- 12M Ending Feb'26 refers to the period Mar'25 to Feb'26.
- City Classification refers to Top 8, Top 9-50, Top 51-100 and Beyond Top 100 (BT100) cities based on highest aggregated portfolio outstanding of consumer loans reported to CRIF, at the end of the financial year.
- Originations Value refers to the total sanctioned amount.
- Originations Volume refers to the number of loans sanctioned.



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