

Micro Lending - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Micro Lending Market size is estimated at USD 213.58 billion in 2024, and is expected to reach USD 353.14 billion by 2029, growing at a CAGR of 10.58% during the forecast period (2024-2029).

Micro lending is growing due to the rapid adoption of digital technology. The industry is expected to benefit significantly from better connectivity in developing countries and technical progress in several countries in the Middle East & Africa. The extensive integration of sophisticated technology across developing nations, such as mobile banking, ATMs, POS systems, and others, is paving the way for future market opportunities in the industry. For example, the Government of India uses the Aadhar payment bridge system to provide microloans and various other services to citizens nationwide.

The expansion of the micro-lending industry is also positively impacted by the increased ability of entrepreneurs to start new businesses with less financial support. However, the industry is expected to benefit financially from introducing advanced technologies in microfinance.

The market's growth is expected to be driven by technological innovations and various technologies, such as AI, to reduce the costs of companies associated with microloan applications. The increasing digitalization and the growing use of smartphones and electronic wallets have made it easier for borrowers to repay loans. These digital trends are expected to create new growth opportunities for the market over the next few years.

Micro Lending Market Trends

The Micro lending Industry is Being Dominated by Banks

The increasing demand for microcredit from small and medium-sized enterprises (SMEs) and other business owners encourages banks to provide microcredit services to their customers, contributing to the segment's growth. According to World Bank statistics, domestic lending for the private sector accounts for 55% of India's GDP. Asian nations like China, South Korea, and Vietnam stand ahead of India.

More and more businesses and individuals have started applying for credit applications online over the past few years rather than dealing with cumbersome lending processes. The Federal Reserve estimates that, in total, almost half of the world's small businesses are applying for loans from banks and other types of financial institutions. Given the ease with which borrowers can request a loan and the advantages lenders have in automatic processing and quick approvals, this sector is being further developed.

The Indian economy experienced a boom in bank credit. However, in the following years, credit growth will slow down due to weak credit growth in the industrial sector and banks' high Net Non-Performing Assets (NPAs), which had risen sharply due to economic slowdown, over-capitalization of some sectors, and various other factors putting stress on corporate balance sheets, affecting banks' ability to lend and widening the credit gap, thus adversely impacting India's growth.

Asia-Pacific (APAC) is One of the Fastest-Growing Regions in Terms of Market Growth

India's economy is currently expanding at a rapid pace. India's rapidly growing small and medium-sized enterprises (SMEs) have led the nation's economic advancement. These 43 million SMEs represent over 40% of India's entire workforce. SMEs in India often need help with scaling up to larger premises. Despite the vast number of SMEs in India, one of the most common problems they face is a need for more working capital. SMEs, commercial banks, and non-banking financial institutions have also introduced new microlending services to support various small businesses economically.

Micro lending has witnessed significant growth in the APAC region over the years. The region is home to many small and medium-sized enterprises (SMEs). As these businesses drive economic activity and employment in the region, a growing need for financial services tailored to their needs is growing. Microlending institutions have stepped in to fill this gap by providing small loans to SMEs, enabling them to invest in

expansion, inventory, equipment, and other essentials for growth. The expanding middle class in the regional countries has created a growing demand for consumer credit, including small loans for education, healthcare, and other personal expenses. Microlenders have tapped into this market by offering flexible and accessible loan products tailored to the needs of middle-income borrowers.

Micro Lending Industry Overview

The micro lending market is moderately fragmented. The industry is seen by many leading players as a mixed market. To expand their products, they use a variety of approaches, including specific product launches that target small and medium-sized enterprises (SMEs) and entrepreneurs. The major players dominating the market are Accion International, BlueVine Inc., Fundera Inc., Funding Circle, and Kabbage Inc.

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