

Housing Finance in India: The Silent Giant of Retail Credit



CEO's Take

As India enters a new decade of growth, the housing finance ecosystem is evolving from a phase of rapid expansion to one increasingly focused on sustainable, accessible, and technology-enabled lending. Supported by macroeconomic stability, rising urbanization, government-backed housing initiatives, and expanding digital infrastructure, the sector is transforming how home loans are originated, assessed, and serviced across the country.

The growth of India's housing finance industry in 2025 has been driven not only by rising demand for home ownership but also by the growing maturity of lenders, Housing Finance Companies (HFCs), and financial institutions working towards improving efficiency, risk management, and customer experience. Across the industry, there is a visible shift toward faster onboarding, streamlined underwriting, enhanced servicing models, and stronger compliance frameworks. Housing finance in India is no longer only about faster loan approvals; it is increasingly becoming a scalable and structured financial ecosystem built around long-term sustainability, operational efficiency, and trust.

Financial inclusion continues to remain one of the sector's most important growth drivers. Housing lenders are expanding access to formal credit for self-employed individuals, gig workers, MSMEs, first-time borrowers, and underserved communities that have traditionally faced challenges in securing housing loans. Alternative income assessment models, digital verification systems, and real-time risk evaluation are enabling lenders to serve emerging customer segments more effectively while strengthening underwriting quality and reducing operational costs.

India's digital public infrastructure is also playing a critical role in supporting this transformation. Identity systems, digital payments, account aggregation, and consent-based data frameworks are helping lenders expand efficiently across tier-two, tier-three, and rural markets. At the same time, the industry's focus is gradually shifting from aggressive loan growth towards stronger asset quality, responsible lending, and long-term customer engagement.

As the sector evolves, technology and fintech capabilities are becoming increasingly embedded within the housing finance ecosystem. From digital onboarding and automated underwriting to fraud monitoring, customer servicing, and regulatory reporting, fintech-driven solutions are helping lenders improve efficiency, scalability, and compliance. Artificial intelligence is further accelerating this transition by enhancing credit assessment, risk monitoring, KYC verification, and operational automation, allowing institutions to balance growth with governance and transparency.

Looking ahead to 2030, India's housing finance sector is well positioned to become a key pillar of the country's broader financial ecosystem. As accessibility, affordability, compliance, and technology continue to converge, the next phase of growth will likely be defined not only by scale, but by the sector's ability to deliver responsible, inclusive, and efficient housing finance solutions to millions of Indians.

Rahul Jain
CEO, SGA PR

About SGA PR

SGA PR is the strategic reputation and business communications arm of Strategic Growth Advisors (SGA), one of India's fastest-growing fully integrated communications consultancy firms. Founded in 2010, SGA brings together expertise across investor relations, public relations, corporate reporting, branding, design, and social media.

The leadership team at SGA PR works closely with CXOs and founders as an extension of their strategic function, aligning communications with growth priorities, investor confidence, ecosystem positioning, and policy narratives.

The firm works with leading corporates, global enterprises, and industry bodies across technology, fintech and financial services, digital infrastructure, pharmaceuticals, renewable energy, mobility, and policy-led sectors.

The PR ensemble is a bunch of agile and proactive 'thinkers' and 'doers'. From curating communication properties to building bespoke narratives, our award-winning leadership brings a deep experience of deploying media, digital and offline strategies to build brand credence and fuel business growth.

Our BFSI practice works across banking, financial services, fintech, payments, lending, wealth, insurance, and emerging financial infrastructure. We partner with ambitious businesses and established institutions to move beyond visibility—building credibility, shaping category leadership, and creating communication platforms that strengthen trust and deliver lasting business impact.

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Chapter 1 The Structural Strength of Housing Finance

If there's one segment quietly anchoring India's retail credit system, it's 'home lending.'

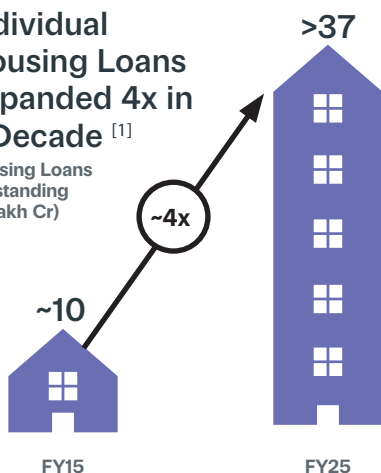
Home loans don't dominate headlines the way fintech or unsecured credit does, but structurally they sit on far stronger ground. Larger ticket sizes, hard collateral, long tenors, and low delinquencies combine to make 'home loans' one of the most stable asset classes in retail lending. A ₹40 lakh housing loan behaves very differently from a ₹2 lakh personal loan, not just in size but in borrower intent, repayment discipline, and lifetime value.

For lenders, home loans are more than a low-risk asset class. A 20-year loan generates a sustained arc of engagement spanning insurance, savings, top-ups, and cross-sell opportunities, making the lifetime economics considerably richer than the headline spread of approximately 3% would suggest. That is the paradox of housing finance: the product that looks the least exciting on a margin sheet is often the most valuable relationship in the book.

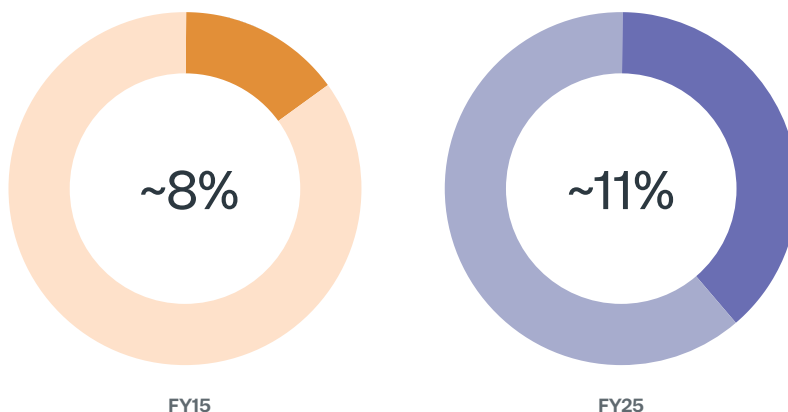
India's housing finance market reflects this structural strength:

Individual Housing Loans Expanded 4x in a Decade ^[1]

Housing Loans Outstanding (₹ Lakh Cr)



Housing Loan-to-GDP Ratio Increased



Tier 2 and Tier 3 Cities now contribute ~64% of housing loan volumes, highlighting the deepening geographic penetration of formal credit. ^[2]

Market Signal

Despite concerns around affordability, housing finance disbursements in Gujarat rose in FY25 even as borrower volumes declined by nearly 35%, signaling a shift toward larger ticket sizes and rising property values. ^[3]

[1] <https://economictimes.indiatimes.com/industry/services/property/-construction/economic-survey-deeper-financialisation-drives-indias-housing-demand-as-loans-hit-rs-37-lakh-cr/articleshow/127765079.cms?from=mdr>

[2] <https://swarajyamag.com/news-brief/home-loans-triple-in-a-decade-now-constitute-11-per-cent-of-indias-gdp>

[3] <https://www.hdfcergo.com/news/home-insurance/gujarat-sees-an-increase-in-average-mortgage-size-while-home-loan-accounts-drop-by-35-percent-in-fy25>

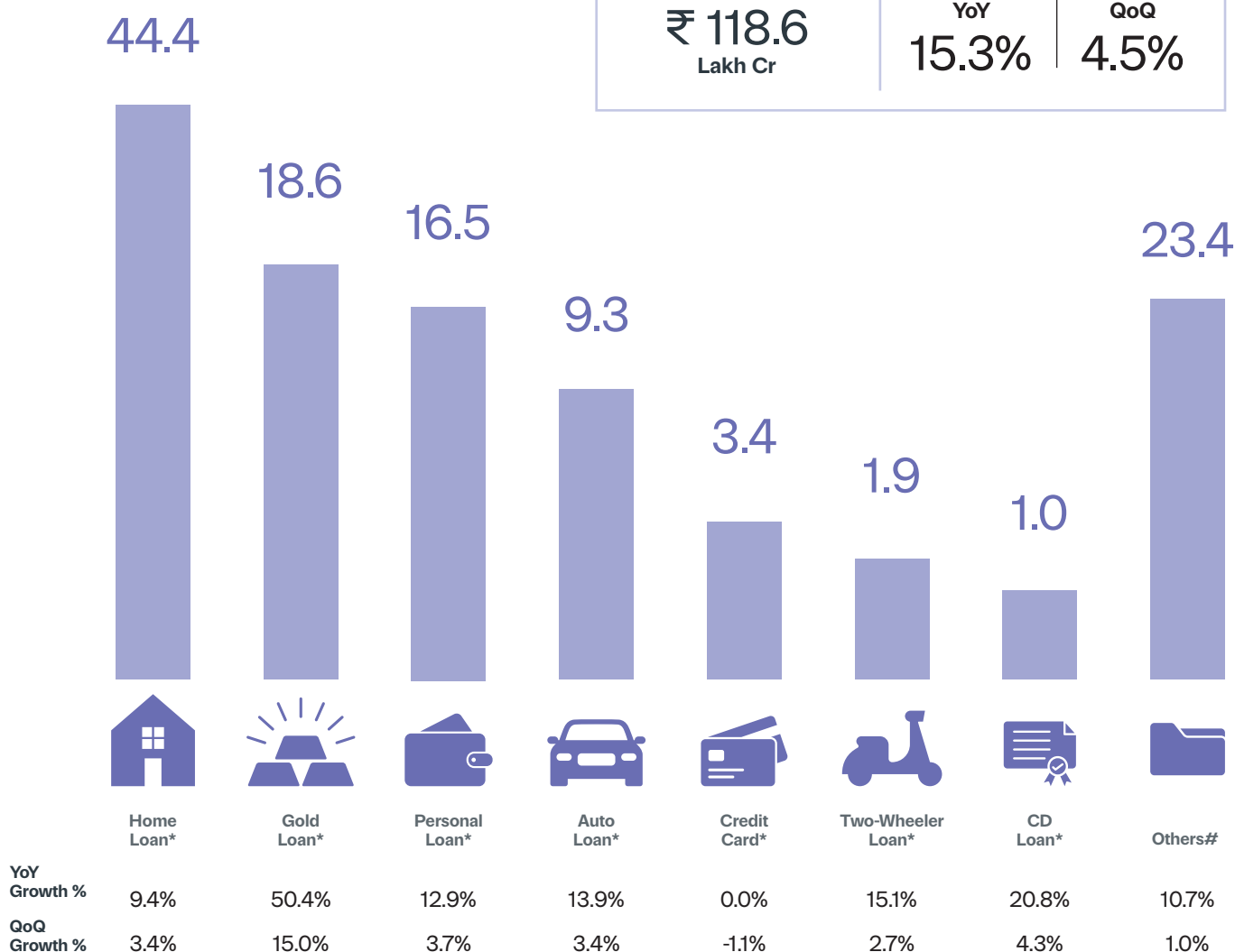
And yet, India remains dramatically underpenetrated compared to the global housing loan market.

Housing Loan-to-GDP Ratio

Country	Housing Loan-to-GDP Ratio
 India	~11-12%
 United States	~50%
 United Kingdom	~60%+

March 2026 Snapshot of retail loans ^[4]

Portfolio as of Mar-26
(₹ Lakh Cr)



[4] <https://www.crifhighmark.com/media/6802/how-india-lends-report-may-2026.pdf>

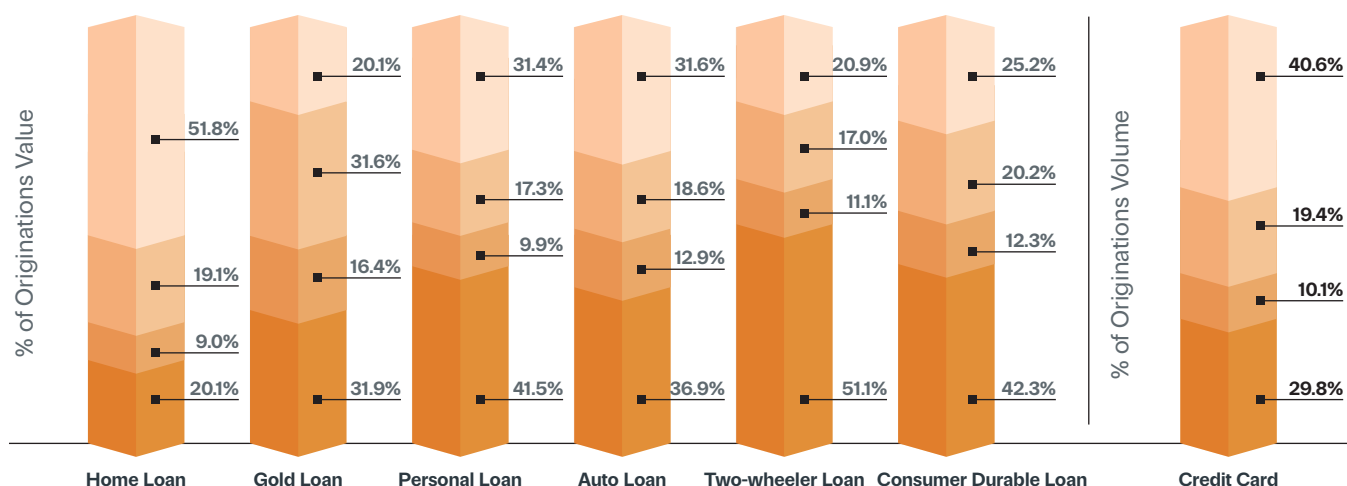
Consumption Loan Products ^[5]

Geography-wise Penetration

% Originations Value Share Across City Classification

Q4 FY26

Top 8 Top 9-50 Top 51-100 BT 100



Urban stronghold for Home Loan, Credit Card; Rural domination for Personal Loan, Consumer Durable Loan, Two-wheeler loan; Auto Loan across both.

Metro-centric:

- **Home Loan:** 51.8% of originations (value) from Top 8 cities; only 20.1% from Bottom 100 cities.
- **Credit Card:** 40.6% of originations (volume) from Top 8 cities.

Balanced distribution:

- **Gold Loans:** Nearly equal split between Top 9–50 cities and Bottom 100 cities (~32% each).
- **Auto Loan:** Balanced urban–rural mix; Bottom 100 cities at 36.9% vs. 31.6% from Top 8.

Bottom 100 cities focus:

- **Personal Loan & Consumer Durable Loan:** Largest share from Bottom 100 cities (41.5% and 42.3%).
- **Two-wheeler Loans:** Strongly driven by Bottom 100 cities, showing deep penetration in semi-urban and rural regions.

[5] <https://www.crifhighmark.com/media/6802/how-india-lends-report-may-2026.pdf>

Chapter 2 India's Housing Finance Opportunity Is Still Unfolding

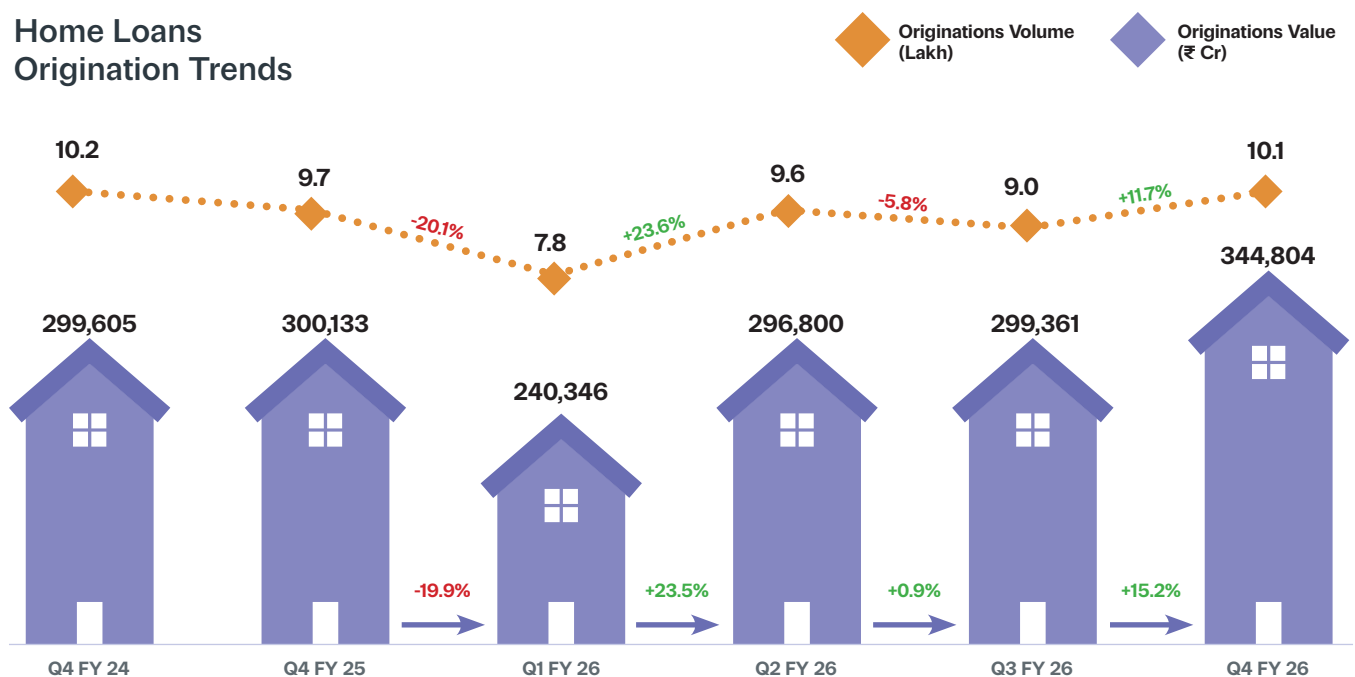
India's Home Loan Market Remains Underpenetrated.

For decades, India's housing story has been shaped by demand far outpacing access to formal credit. While home ownership aspirations continue to rise across income segments, mortgage penetration has not kept pace with

the country's economic transformation. This disconnect underscores the immense headroom for housing finance, making it one of India's most compelling structural growth opportunities.

Home Loan sanctions surge in Q4FY26 with strong value & volume growth ^[6]

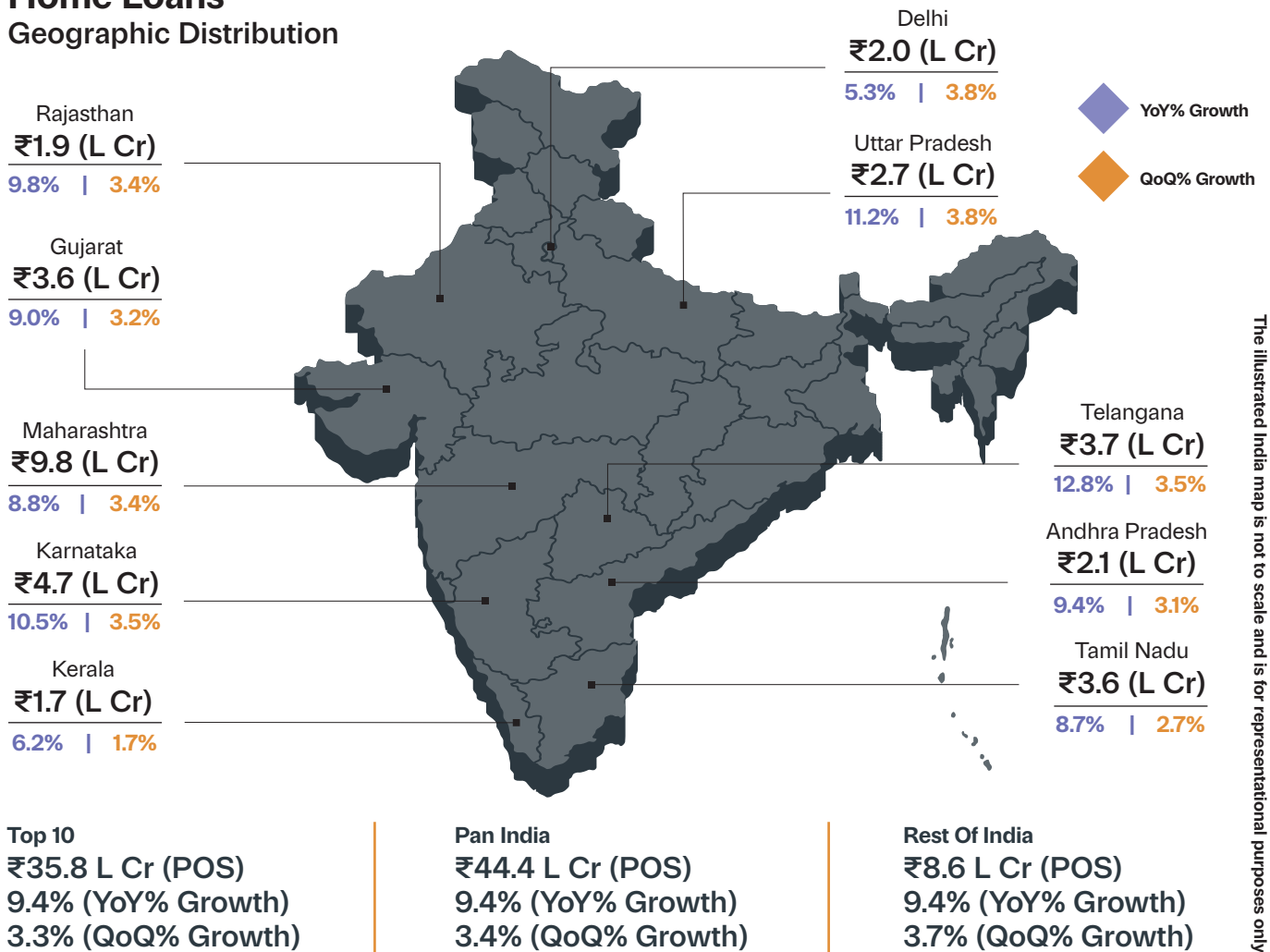
Home Loans Origination Trends



	FY23	FY24	FY25	FY26
Originations Value (₹ Cr)	9,39,372	10,32,505	10,51,624	11,81,312
YoY Growth %		9.9%	1.9%	12.3%

[6] Crisil

Home Loans ^[7] Geographic Distribution



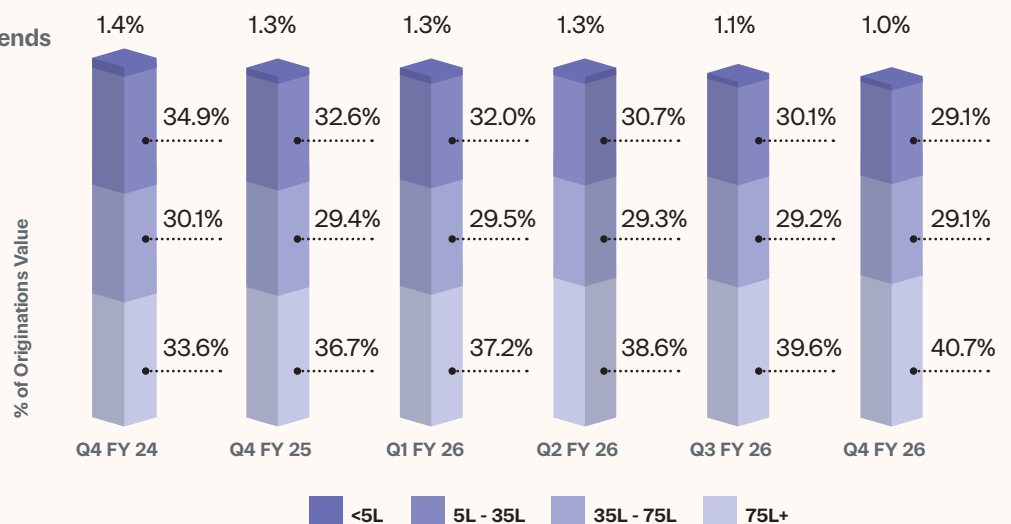
The growth story is increasingly becoming pan-India. While leading states continue to dominate loan books, emerging markets are contributing meaningfully to incremental housing credit growth

The ₹75L+ ticket size segment continues to grow, accounting for 41% of the originations value by Q4 FY26 ^[8]

Ticket Size Wise Originations Trends

The biggest misconception about India's housing loan market is that it is already mature. In reality, the sector is still in the early stages of penetration.

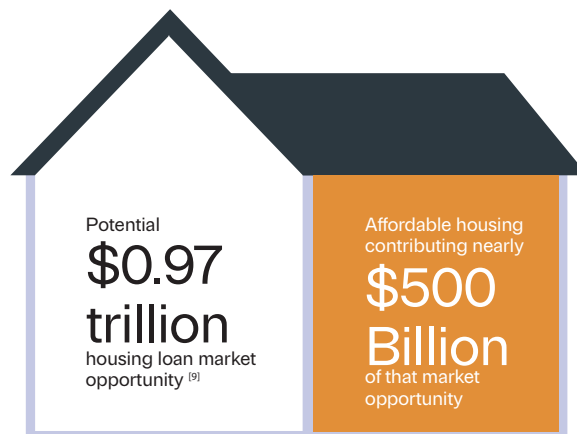
Even among emerging economies, India remains structurally underpenetrated in home lending. That gap is not a statistic.



[7] [8] Crisil

Current projections

Housing loans are often mistaken for a slow-growth business because they do not produce the sharp spikes visible in unsecured credit. But the data suggests something else entirely: housing finance is still compounding at scale, just with significantly lower volatility.



Recent trends underline the momentum:

HFC loan books expanded



13.2%

YoY to ~₹9.6 lakh crore in FY24 ^[10]

PSU bank retail housing loan disbursements rose



~36%

YoY in H1FY26 ^[11]

NBFC housing loan portfolios surged nearly



~48%

YoY

Affordable housing finance players continue compounding at



~27–30%

annually

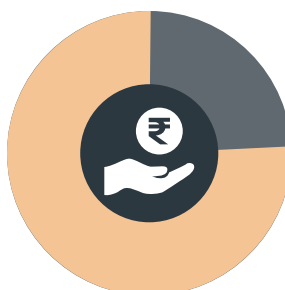
The Real Expansion Is Happening Below Prime India.

The next phase of housing loan growth is no longer being driven by premium urban borrowers. It is increasingly coming from first-time homeowners, informal earners, and borrowers outside metro India.



34%

of overall portfolios are now linked to affordable housing



24%

of total disbursements are below ₹ 25 Lakh Loans ^[12]



Affordable housing continues to drive credit growth



₹ 25-40 Lakh range is one of the fastest-growing pockets

[9] <https://www.mordorintelligence.com/industry-reports/india-home-mortgage-finance-market>

[10] https://bfsi.economictimes.indiatimes.com/news/nbfc/indias-housing-finance-market-seen-more-than-doubling-to-rs-77-81-lakh-crore-by-fy30/118742588?utm_source=chatgpt.com

[11] https://www.icidirect.com/research/equity/rapid-results/pnb-housing-finance-ltd?utm_source=chatgpt.com

[12] <https://www.crisilratings.com/en/home/newsroom/press-releases/2026/02/for-affordable-housing-financiers-aum-to-grow-a-steady-20-21-percent-this-fiscal-and-next.html>

More importantly,
the borrower mix
itself is changing.
As of September
2024:



Economically Weaker
Section (EWS)
and Lower Income
Groups (LIG) together
contributed
~39%



Middle Income Group
(MIG) borrowers
accounted for
~44%
of outstanding loans ^[13]



High-income
borrowers
represented only
~17%

~44%

of land acquisitions have shifted
to **Tier-2 and Tier-3 cities**

~65%

rise in property prices in several
emerging markets as of 2024

The centre of gravity is
gradually shifting away from
metros towards aspirational
semi-urban India. ^[14]

Estimated Housing Loan AUM



**₹10 lakh
crore+**



**₹10 lakh
crore+**



**₹8 - 9 lakh
crore+**



**₹ 30,000
crore+**



**₹3 - 5 lakh
crore**



**₹20,000 -
25,000 crore**



**~₹3 lakh
crore**



**₹20,000 -
25,000 crore**



**₹90,000
crore+**

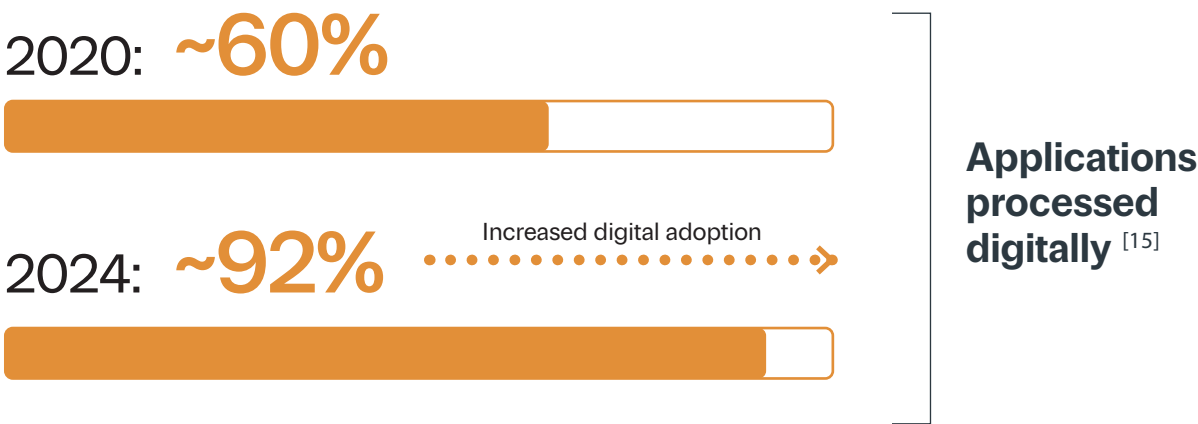


**₹20,000 -
25,000 crore**

[13] <https://testbook.com/question-answer/in-march-2025the-national-housing-bank-nhb-6870b98574845c9097668d51>

[14] <https://www.constructionweekonline.in/business/3294-acres-land-tier-2>

This is particularly important because India’s housing finance digitisation story is accelerating rapidly:



Nearly ~42% of housing finance firms now report the majority of inquiries originating digitally.^[16]

[15] <https://www.kenresearch.com/industry-reports/india-house-finance-market>
[16] <https://www.businessworld.in/article/about-42-borrowers-prefer-faster-digital-loans-over-low-rates-survey-579076>

Chapter 3 Housing Finance's Next Challenge Is Not Growth. It Is Execution

Opportunity beyond just lending.

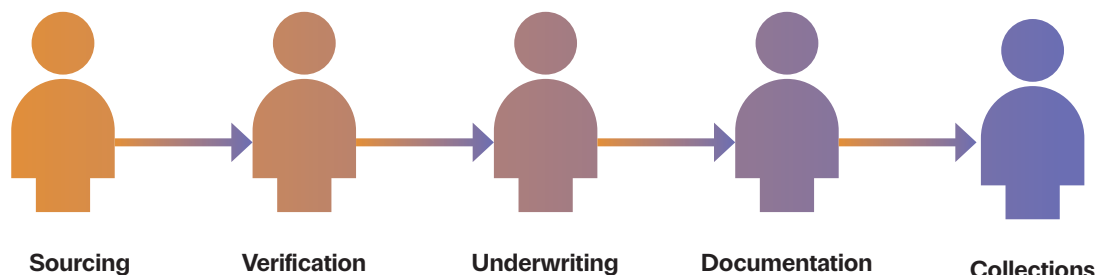
India's housing finance sector continues to benefit from strong structural demand, expanding distribution, and rising homeownership aspirations.

Yet beneath this growth, lenders continue to face a set of operational challenges that directly impact scalability, efficiency, and borrower experience.

As competition intensifies and customer expectations evolve, operational execution is becoming as important as capital availability itself.

I. Operational and Infrastructure Constraints

1. High People Dependency and Attrition



Housing finance remains heavily dependent on field-intensive operations across sourcing, verification, underwriting, documentation, and collections.

Unlike unsecured lending, several stages of the home loan journey still require local judgement, physical coordination, and manual intervention, particularly across Tier-2 and Tier-3 markets.

This creates two structural challenges:

1. High operational dependency on field teams

2. Elevated onboarding and training costs due to attrition

As lenders continue expanding branch networks aggressively, maintaining process consistency and service quality becomes increasingly difficult.

2. Fragmented Partner Ecosystem

The absence of integrated workflows frequently results in duplicated processes, communication gaps, documentation delays, and slower turnaround times.

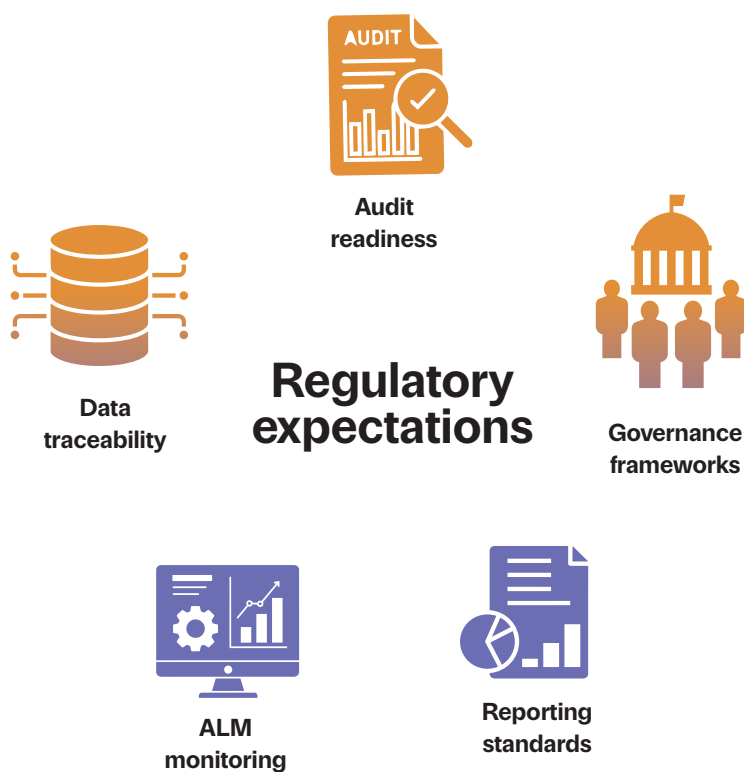
As co-lending models scale further, partner coordination itself is emerging as a critical operational capability.



3. Rising Compliance Complexity

For lenders operating through large branch-led models, fragmented systems and manual workflows increase both compliance costs and operational risk.

Increasingly, compliance is no longer functioning separately from business operations — it is becoming embedded within core infrastructure.



4.

Uneven Digitisation Across the Loan Journey

Despite broader fintech adoption, housing finance remains relatively under-digitised compared to unsecured lending.

Several parts of the borrower journey still rely on:

- Physical documentation
- Offline verification
- Manual approvals
- Legacy operating systems

At the same time, customer expectations have shifted toward faster approvals, real-time tracking, and seamless onboarding experiences.

II. Customer Experience Challenges in Home Loans

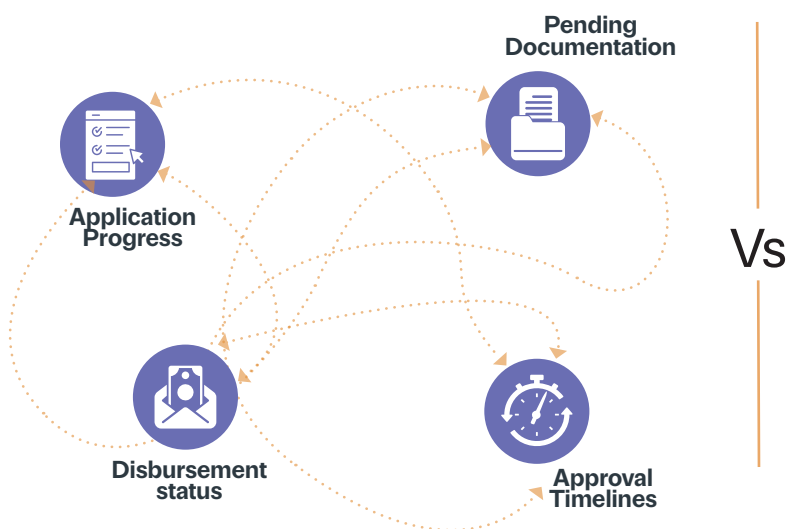
Historically, home lenders competed primarily on pricing and branch reach. Increasingly, customer experience itself is becoming a competitive differentiator.

For many borrowers, the home loan journey continues to feel fragmented, opaque, and documentation-heavy — weakening confidence during one of the largest financial decisions of their lives.

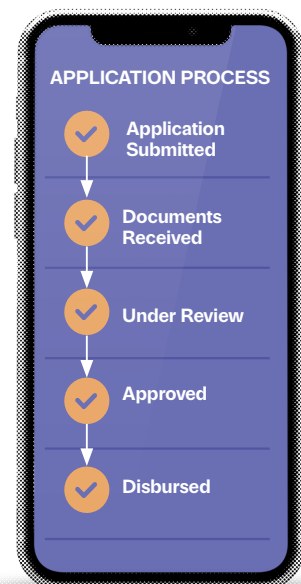
1.

Lack of Process Transparency

Borrowers often have limited visibility into:



Inconsistent communication and repeated document requests frequently create uncertainty and delay across the loan lifecycle.



As a result, lenders are increasingly investing in standardised borrower communication and real-time application visibility.

2.

Process Inefficiencies and Workflow Gaps

Disconnected systems and fragmented data flows continue to create operational inefficiencies across housing finance.

Without a unified operating framework:

- Information gets duplicated across stakeholders
- Manual coordination increases
- Borrowers experience inconsistent servicing

3.

One-Size-Fits-All Underwriting Models

Traditional underwriting frameworks were designed primarily around salaried borrowers with formal income documentation.

However, growth is increasingly shifting toward:



Self-employed borrowers



Informal-income households



First-time homebuyers



Thin-file customers

Adaptive Underwriting Model

This is pushing lenders toward more adaptive underwriting models using:



Banking transaction analysis



Alternative financial data



Behavioural indicators



Dynamic risk engines

Chapter 4 Technology Is Quietly Rebuilding India's Housing Loan Infrastructure

Technology is no longer just changing how housing loans are delivered. It is reshaping the infrastructure behind them.

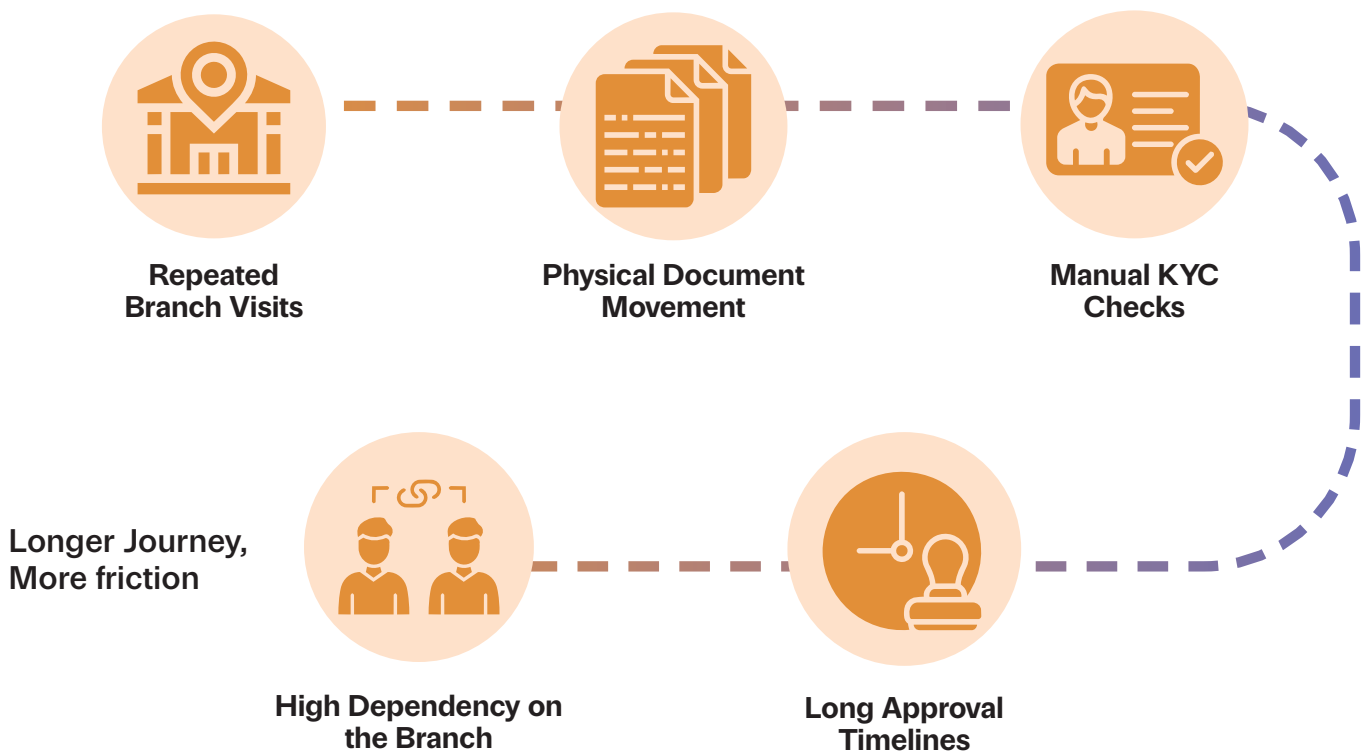
Technology adoption is transforming how home loans are sourced, underwritten, verified, disbursed, serviced, and monitored. What was once a documentation-heavy ecosystem is steadily evolving into a more integrated, data-enabled, and digitally orchestrated technology layer.

As housing loan penetration expands across Tier-2 and Tier-3 markets, self-employed borrowers, and affordable housing segments, lenders are realising that traditional branch-led operating models cannot scale efficiently on their own. Technology is no longer just a support layer. It is becoming the core infrastructure.

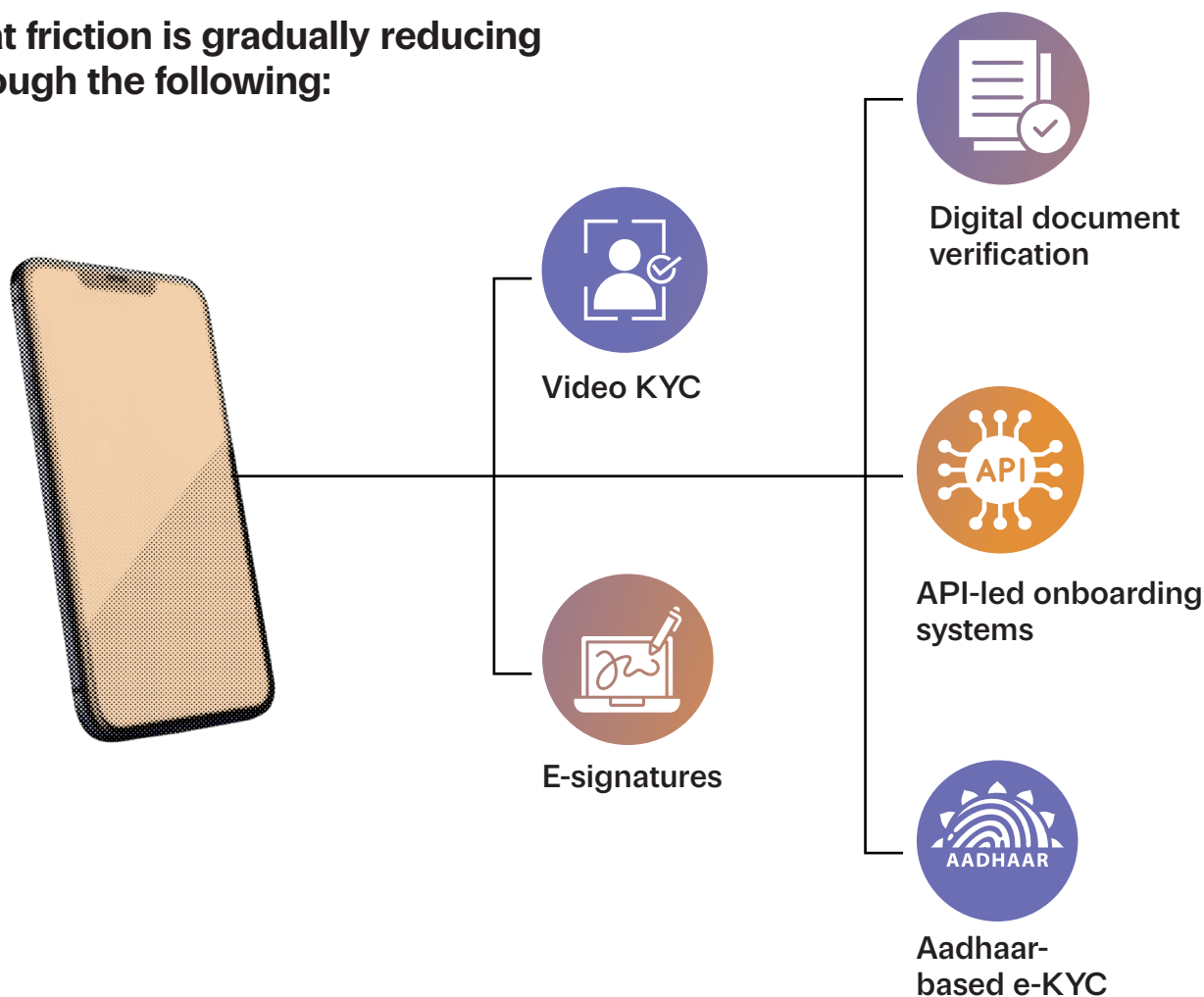
Digital Onboarding Is Compressing the Housing Loan Journey.

Historically, housing loan onboarding involved repeated branch visits, physical document movement, manual KYC checks, and long approval timelines.

Traditional Onboarding



That friction is gradually reducing through the following:



Borrowers can now complete large parts of the housing loan journey remotely, significantly improving onboarding speed and reducing operational dependency on branches.

In housing finance, where turnaround times have historically been a major pain point, onboarding efficiency is increasingly becoming a competitive differentiator.

India's Digital Public Infrastructure Is Becoming the Housing Loan Backbone

India's DPI stack is quietly reshaping housing loan underwriting and borrower assessment.



Aadhaar



UPI



Account Aggregator (AA)

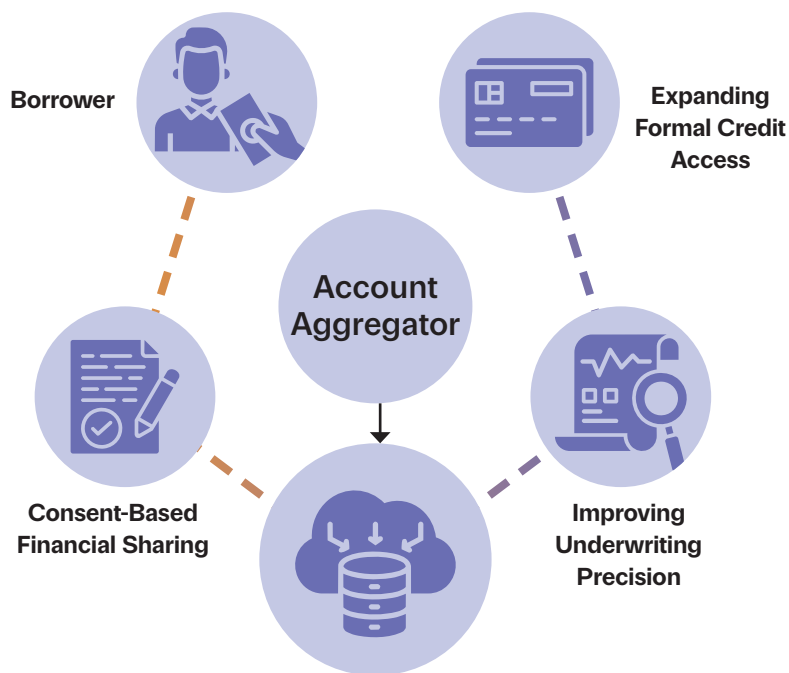


Consent-based data sharing



API-led financial integrations

These are gradually replacing static, document-heavy underwriting models with more dynamic financial visibility.



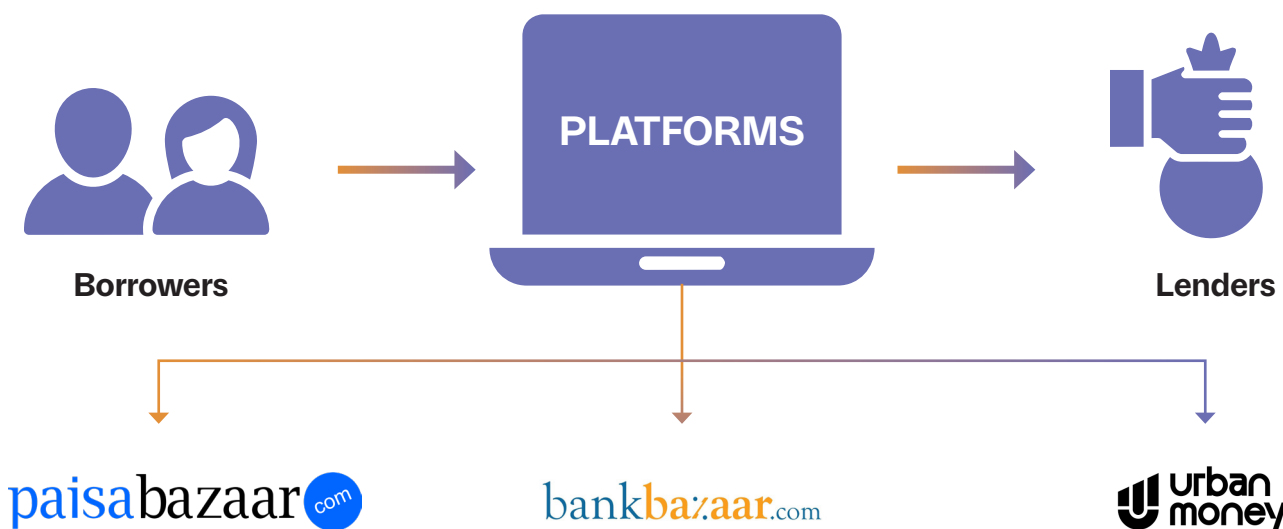
This is particularly important for self-employed and informal-income borrowers, where traditional income documentation is often fragmented or insufficient.

The Account Aggregator framework, for example, allows lenders to access borrower cash-flow data through consent-based financial sharing, improving underwriting precision while expanding formal credit access.

Housing Loan Distribution Is Moving Beyond Branches

One of the biggest shifts underway in housing finance is the platformisation of housing loan distribution.

Platforms such as Paisabazaar, BankBazaar, and Urban Money are gradually becoming the interface layer between lenders and borrowers.



Paisabazaar uses bureau-linked matching systems to identify which lender is most likely to approve a borrower before the application is submitted itself. As volumes scale, the recommendation engine improves, creating a compounding data advantage.

BankBazaar has built a strong advantage through its embedded credit-score ecosystem and multi-product financial marketplace. By continuously engaging users through free credit reports, loan eligibility tracking, and personalized financial recommendations, the platform accumulates rich behavioural and repayment-intent data over time. This enables BankBazaar to refine lender-borrower matching, improve cross-sell efficiency across loans and credit cards, and increase conversion rates as user engagement deepens.

Tech powered credit fintech platform Urban Money, India's largest digital mortgage origination & distribution ecosystem (DaaS), provides a full-stack infrastructure spanning loan discovery, eligibility checks, documentation, legal and insurance support, and disbursement. CIBIL integrations and an AI-driven decision engine matches borrowers with suitable lenders, streamlines approvals and delivers a fast and transparent borrowing experience.

Metric	Urban Money (FY 26)	Paisabazaar (FY26)	BankBazaar (FY25)
Revenue	₹1,234 Cr	₹445 Cr	₹254.4 Cr
Revenue Growth	+73% YoY	-11%	+33% YoY
Revenue CAGR	74% (3-year)	—	121% (2-year)
Loan / GTV Disbursals	₹ 87,831 Cr	₹30,740 Cr	Not disclosed
Profitability	+ ₹175 Cr EBITDA (Square Yards)	—	₹ 4 Cr (EBITDA)
Primary Focus	Loan aggregator and advisory	Personal loans, credit cards	Credit cards, loans
Lender Partners	Kotak Bank, Icici bank, Axis Bank, Hdfc Bank, Tata Capital, 90+ partners	IDFC FIRST Bank Ltd, Tata Capital Ltd, Federal Bank Ltd, HDFC Bank Ltd, YES BANK Ltd	Yes Bank, RBL Bank, IndusInd, Federal Bank, SBI card, AU small Finance Bank, HDFC, IDFC etc
Registered Users	Not disclosed	5.85 Cr	7 Cr +
Listed / Status	To be listed under Square Yards (IPO Planned)	Listed under PB Fintech (BSE/NSE)	Private, IPO planned
Strategic Positioning	Assisted-digital home loan distribution with strong offline advisory support	Bureau-linked recommendation engine with data-driven lender matching	Credit-score ecosystem and cross-sell driven financial marketplace
Future Focus	Expansion into Wealth; Multi-product financial services distribution	Guided growth	IPO preparation

Note: These platforms allow users to compare pricing, assess eligibility, and initiate applications across multiple lenders through unified digital journeys.

Chapter 5 Investors Are Quietly Shifting Toward Housing Loan-Tech

Housing fintech is becoming an investable category.

India's fintech funding environment has changed sharply over the last two years. Secured lending is attracting capital again.

Some notable fund raises include the following:

	Focus	Funding	Investors
	Housing Finance and lending advisory	₹900 Cr (As part of Square Yards' Pre-IPO Raise)	EAAA Alternatives
	Affordable housing finance for underserved & informal-income borrowers	₹600 Cr (Series F)	A91 Partners, Mirae Asset, Anicut Capital
	Housing loan-backed lending	₹275 Cr (Series C)	Invest Corp
	Housing finance	₹245 Cr (Series B)	Invest Corp
	LAP for MSMEs	₹150 Cr + ₹ 100 Cr Equity (Series A) Debt (PnB)	Blume Ventures, Omnivore
	Affordable Housing for Informal-Income Borrowers	₹100 Cr (Equity)	Sanmar Group
	Secured SME & LAP lending	₹65 Cr Equity (Series A)	Stellaris Venture Partners

The trend is clear: investors are increasingly favouring collateral-backed lending models over pure unsecured credit expansion.

Housing Loan Distribution Platforms Are Emerging Rapidly.

Another major shift is the rise of housing loan marketplaces and digital distribution platforms that are building digital infrastructure around home loan sourcing, lender matching, and fulfilment.

Chapter 6 CASE STUDIES

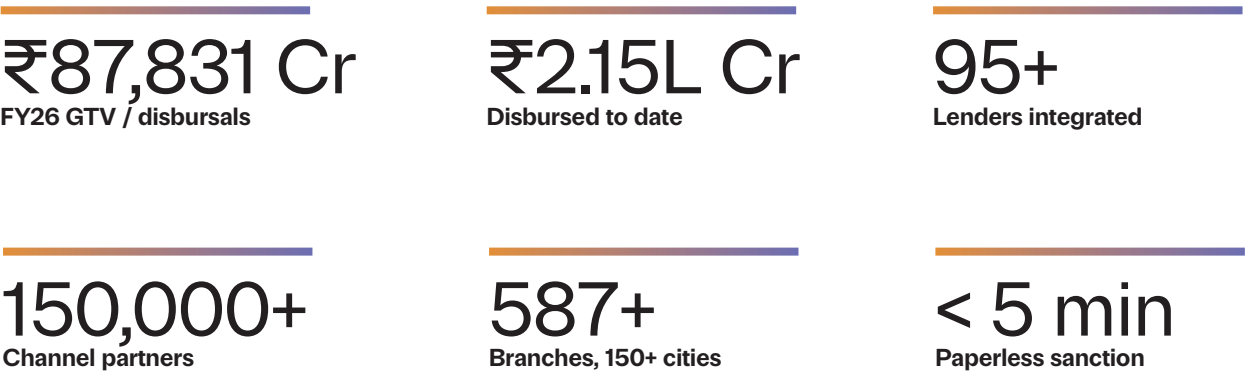
Case Study 1



Urban Money and the Platformisation of Housing Finance in India

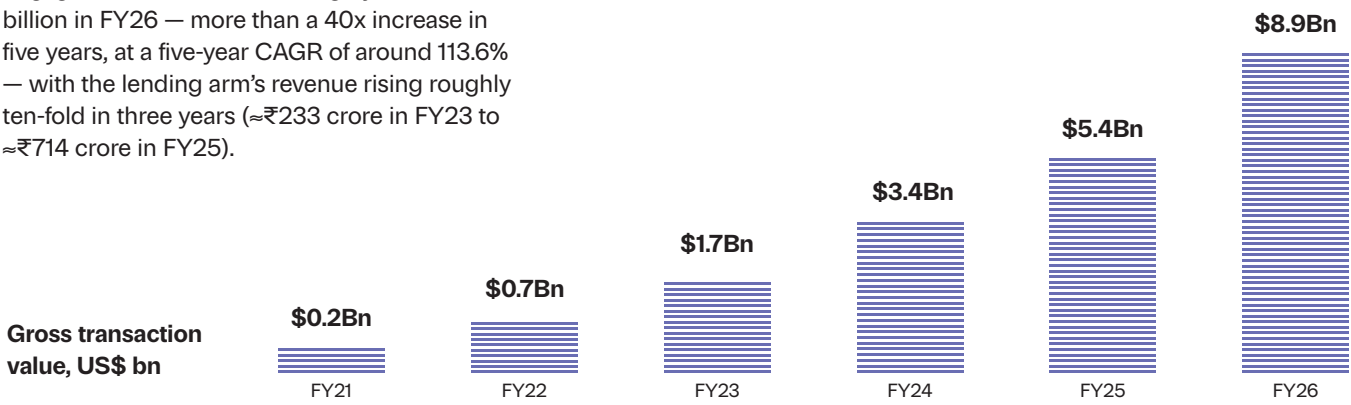
How an asset-light, technology-led origination platform is formalising India’s fragmented mortgage distribution market.

Key Highlights FY26



Scale and Growth Trajectory

Urban Money’s GTV has compounded from negligible levels in FY21 to roughly US\$8.9 billion in FY26 — more than a 40x increase in five years, at a five-year CAGR of around 113.6% — with the lending arm’s revenue rising roughly ten-fold in three years (≈₹233 crore in FY23 to ≈₹714 crore in FY25).



Introduction & Company Background

Urban Money is the digital lending and mortgage-distribution arm of proptech group Square Yards, and one of the clearest examples of how India's housing-finance ecosystem is shifting from fragmented, relationship-led loan sourcing toward technology-enabled origination infrastructure. In under five years it has scaled from negligible volumes to roughly US\$8.9 billion (₹87,831 crore) in annual mortgage-related transaction value and loan disbursements in FY26, emerging as one of India's largest tech-enabled mortgage origination and distribution platforms.

The platform does not lend from its own balance sheet. Instead, it runs a "Distribution-as-a-Service" (DaaS) model, connecting borrowers, lenders and channel partners on a single digital rail and monetising through commissions and processing fees on successfully disbursed loans. This asset-light structure lets it scale nationally without assuming direct credit risk, while capturing operating leverage as lender integrations, partner relationships and automation deepen — mortgage origination now reportedly contributes close to half of parent Square Yards' revenue mix.



By strengthening its presence across Tier 2 and Tier 3 markets with 587 branches in over 150 cities, the company has enabled thousands of first-time homebuyers, entrepreneurs, and professionals to access formal credit through a combination of digital capabilities and a strong physical network."

Amit Prakash Singh — Co-Founder and Chief Business Officer, Urban Money

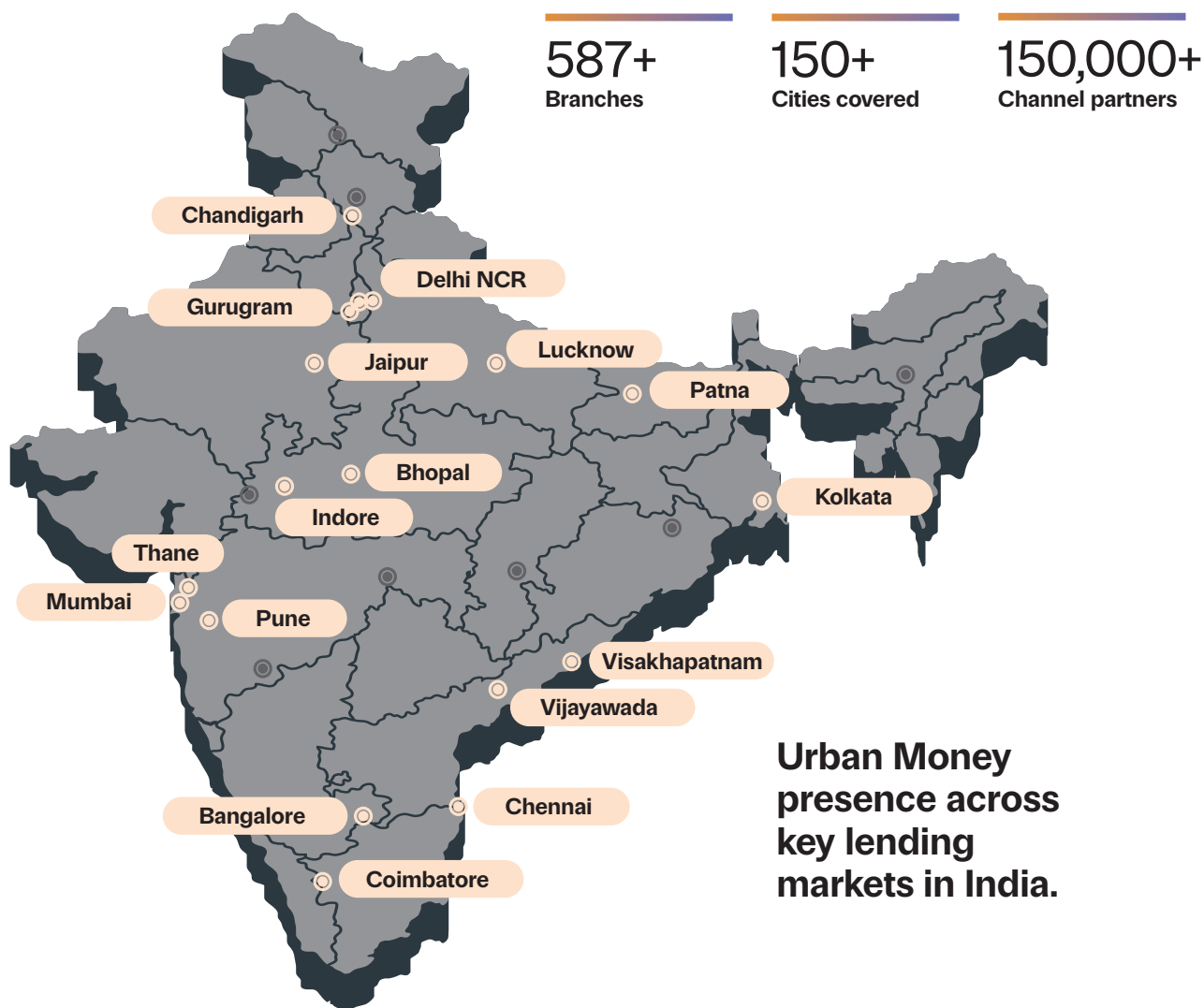
Square Yards, founded in 2014 by Tanuj Shori and Kanika Gupta Shori, is one of India's largest integrated real-estate and mortgage platforms, spanning search, transactions, home loans, interiors, rentals and property management across India, the UAE, Australia and Canada. The group identified a specific gap in secured-mortgage distribution around 2019 and built out its lending vertical — launched as Square Capital and later rebranded as Urban Money — converting Square Yards' developer relationships and its network of agents and advisors into originated mortgages through integrated digital rails.

The economic significance is visible at group level. Square Yards crossed ₹2,000 crore in revenue for the first time in FY26 (≈₹2,086 crore, up 48% YoY), with EBITDA rising to ≈₹176 crore and margins expanding from ~3% to 8%. In mid-2026 the group crossed a US\$1 billion valuation to enter the unicorn club and is reportedly preparing a ₹2,000 crore IPO for CY2026, with mortgage distribution cited as its most significant growth engine.

Distribution Network

Urban Money operates one of the widest tech-enabled mortgage distribution footprints in the country, spanning 587+ branches across 150+ cities and complemented by a partner network of more than 150,000 channel partners. Presence is anchored in the high-volume

lending markets of the North (Delhi-NCR, Uttar Pradesh, Rajasthan), the West (Maharashtra, Madhya Pradesh) and the South (Karnataka, Tamil Nadu, Telangana and Andhra Pradesh), with an expanding presence in the East.



Rebuilding a Fragmented Distribution Ecosystem

India's home-loan ecosystem still relies heavily on fragmented sourcing channels — brokers, DSAs, builders and offline intermediaries — with multiple verification layers, manual documentation and lender-specific underwriting. Urban Money's DaaS framework consolidates these workflows into a unified origination layer connecting borrowers,

lenders and channel partners on one platform, positioning it as an early "Mortgage-Tech" infrastructure play focused on paperless sanctions and disbursals.

An integrated fulfilment engine spanning:



Credit Bureau Integrations



KYC, identity, address and income verification



Automated Lender Matching



Documentation Workflows



Sanction Coordination



Bank System Integrations

Analytically, this resembles an “Uber-style” aggregation model that formalises and digitises India’s fragmented mortgage distribution. For eligible borrowers, approvals can reportedly be completed in under five minutes through an AI-driven eligibility engine. The overwhelming majority of volume flows through the partner aggregation ecosystem rather than direct channels, and roughly 87% of sourcing is now digitised.

The model also benefits from reinforcing network effects: deeper lender integrations improve borrower match quality and approval rates, while broader partner participation lifts sourcing volumes and data visibility — an advantage that compounds as the platform scales.

Platform economics & Partner incentives

Urban Money earns commissions and processing fees from lenders on successful disbursements — an asset-light, fee-based model that scales without direct credit risk on its own balance sheet, benefiting from operating leverage as integrations and automation deepen. Its portfolio spans home loans, loan-against-property, personal, business and car loans and credit cards, with newer insurance and mutual-fund lines, though roughly 83% of volume remains mortgage-linked. To

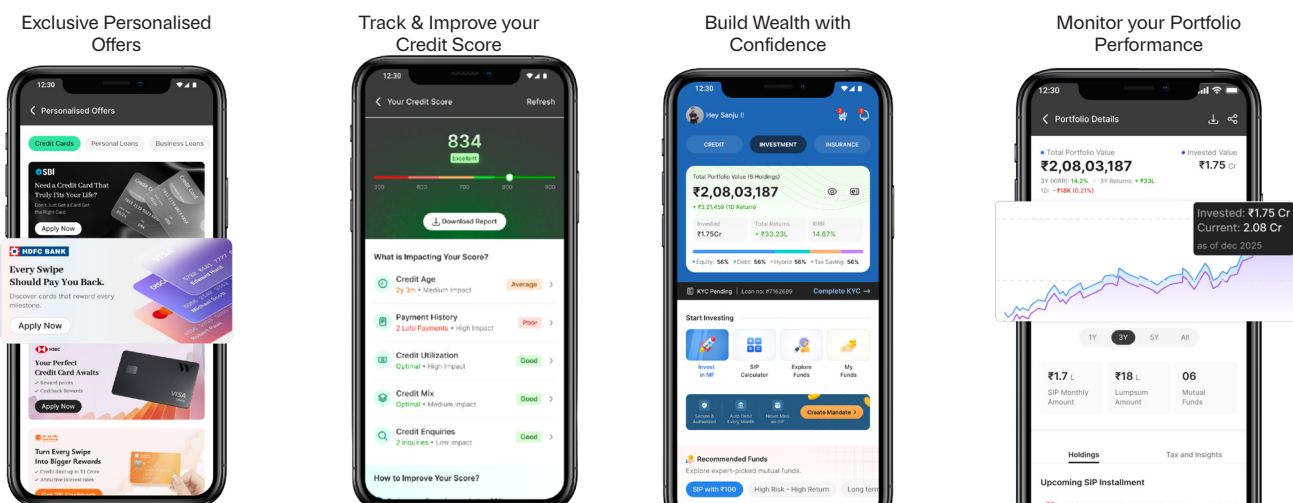
strengthen distribution, the FY26 Insta Payout feature pays channel partners within 24 hours of loan disbursement — ahead of lender settlement cycles — improving partner liquidity, retention and platform stickiness, with the platform settling with lenders subsequently. Embedding this balance-sheet-light working-capital support into the partner relationship is a meaningful competitive lever in a market where partner loyalty is fluid.

Technology-Led Origination Infrastructure

A major differentiator is the depth of Urban Money’s API-led integrations and automated underwriting. Its underwriting engine reportedly incorporates lender-specific credit policies across both salaried and self-employed borrowers, while handling region-specific

underwriting variations across Indian markets. On the consumer side, the app has broadened from pure loan origination into a wider financial-services experience spanning loans, investments and mutual funds, and credit-score monitoring.

The Urban Money app — across loans, investments and credit



Core capabilities

- AI-driven eligibility assessment and automated lender matching across 95+ lenders
- Automated bank-statement analysis and GST-based income assessment for self-employed borrowers
- Digital document collection, paperless sanctions in under five minutes, and real-time loan-status tracking
- Direct integration with banks' loan-origination systems and credit-bureau (CIBIL) connectivity
- ISO 27001-certified security infrastructure and customer-consented credit checks

Together, these reduce manual processing across the origination journey while improving speed, transparency and lender-matching accuracy. Functionally, Urban Money increasingly resembles a middleware operating layer connecting borrowers, lenders, developers and intermediaries through standardised digital workflows.

Strategic Implications

Urban Money's trajectory points to a set of structural shifts reshaping Indian housing finance: mortgage sourcing is platformising away from purely branch- and relationship-led models; technology platforms are emerging as infrastructure-led intermediaries connecting lenders, borrowers, developers and channel partners; embedded-finance tools such as Insta Payout are extending into distribution economics; and workflow automation is steadily reducing manual friction in underwriting. Together, these forces reinforce the network

effects described above, compounding the advantage of scale for platforms that get there first.

These gains are not evenly distributed. On the company's own 2025 data, women account for just 11% of loan approvals, at a smaller average ticket size than men (₹23 lakh versus ₹29 lakh), despite accounting for nearly 30% of property registrations — a reminder that digitising origination has not, on its own, closed underwriting gaps for underserved borrower segments.

Conclusion

Urban Money illustrates how housing finance in India is gradually evolving from a fragmented, intermediary-driven ecosystem into a technology-orchestrated network model.

By combining lender integrations, underwriting automation, workflow orchestration, partner infrastructure, and embedded financial services into a unified platform, the company demonstrates how digital origination models can improve operational efficiency, reduce turnaround times, and scale mortgage distribution nationally without assuming direct balance sheet risk.

At the same time, the company's operating data highlights an important reality within Indian housing finance: while technology can solve distribution inefficiencies at scale, deeper structural challenges around underwriting flexibility and credit inclusion still remain unresolved.

As digitisation deepens across India's lending ecosystem, competitive advantage may increasingly shift toward platforms capable of integrating distribution, underwriting workflows, embedded financial services, and ecosystem infrastructure at scale.

Case Study 2



Small Cities, Big Aspirations: How Aadhar Housing Finance is Expanding Homeownership Across Emerging India

Introduction

A Mission Rooted in Inclusion

For over a decade, Aadhar Housing Finance has been committed to a singular mission—making homeownership accessible to low- and middle-income families across India. As one of the country's largest low-income housing finance companies, Aadhar focuses on serving customers who are often underserved by traditional lending institutions, particularly in Tier 2 and Tier 3 cities and towns.

Aadhar Housing Finance has built its business around understanding the unique needs of first-

time homebuyers, self-employed individuals, and families with informal or non-traditional income streams. With a strong presence across the country with 600+ branches AHFL stands strong supporting its customers across India fulfilling their dream of homeownership. The branch distribution network follows an agile strategy keeping in mind the reach and the needs of the customers, wherein the branches are classified into “URBAN” and “EMERGING” branches.

Distribution Network

626
Branches

Rajasthan
56 Branches

Gujarat
73 Branches

Madhya Pradesh
57 Branches

Maharashtra
73 Branches

Karnataka
35 Branches

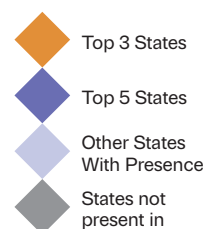
Uttar Pradesh
71 Branches

Telangana
47 Branches

Andhra Pradesh
42 Branches

Tamil Nadu
63 Branches

Other states
109 Branches



Key Highlights about AHFL
(Net Worth ₹ 75 Bn)
(As on March FY26)

3,36,000+
live customer

₹ 306 Bn
AUM

₹ 96 Bn
Disbursements

₹ 11 Bn
PAT

₹ 1.1 Mn
Average Ticket size

The Opportunity Beyond India's Metros

India's housing demand is increasingly being driven by smaller cities and towns. Improved infrastructure, rising incomes, enhanced connectivity and growing economic activity have transformed Tier 2 and Tier 3 markets into important centres of growth.

Key Growth Enablers

Growth Driver	How It Supports Affordable/ Low-Income Housing Growth	2026 Trend/Indicator
 Rise of Tier 2 & Tier 3 Cities	Increasing housing demand from first-time homebuyers and middle-income families in smaller cities	Tier 2 & 3 cities account for 64% of home loan volumes, with 81% YoY growth in 2025
 Government Housing Schemes	PMAY-Urban 2.0 and PMAY-Gramin improve affordability through subsidies and support for ownership	PMAY-U 2.0 targets 1 crore urban households over five years
 Infrastructure Development	New highways, metro networks, airports and urban infrastructure enhance connectivity and create housing demand	Union Budget 2026 emphasizes regional growth hubs and Tier 2 development
 Urbanisation and Migration	Rising migration from rural areas and growth of smaller urban centres increase demand for affordable homes	Emerging cities are becoming self-sustaining economic hubs
 Affordability Gap in Metros	High property prices in major cities are pushing buyers toward peripheral and non-metro location	Demand shift away from Tier 1 markets continues in 2026
 Employment Generation Beyond Metros	Expansion of MSMEs, manufacturing clusters and GCCs creates new residential demand	Increasing job opportunities are supporting local housing markets
 Digitalisation of Housing Finance	Technology-enabled underwriting and distribution improve access to credit for underserved borrowers	Wider penetration of digital home loan platforms and fintechs
 Low Mortgage Penetration	Significant untapped market offers long-term growth opportunities for housing finance companies	Mortgage penetration in India remains low compared with developed markets



Favourable Demographics

Young population, nuclear families and rising aspirations drive home ownership

First-time buyers remain the dominant segment



Improving Credit Availability

Expansion of affordable housing finance companies and NBFCs increases access to home loans

Sector expected to maintain 20–25% medium-term AUM growth



Remote Work and Digital Infrastructure

Professionals are increasingly choosing hometowns and smaller cities without sacrificing career opportunities

Strengthening housing demand in non-metro locations

This gap between aspiration and access presents one of the most significant opportunities in India's affordable housing ecosystem. With this aim, Aadhar Housing Finance plans to add 40-45 branches this year.

A Tailored Approach to Affordable/Low - Income Housing Finance

Human + Digital Model

Unlike purely digital lenders, Aadhar Housing Finance follows a “phygital” approach—combining technology with on-ground customer engagement.

Key Enablers

- Branch-led customer sourcing
- Digital loan processing and documentation
- Faster credit evaluation
- Personalized customer assistance
- End-to-end support throughout the loan journey

This model has helped AHFL create value and maintain customer engagement particularly in smaller towns where customers often seek guidance and trust-based relationships before making long-term financial commitments.

Supporting Government Housing Initiatives

Aadhar Housing Finance actively supports the Government of India's vision of “Housing for All” by facilitating access to housing finance under schemes such as:

- Pradhan Mantri Awas Yojana (PMAY)
- Credit Linked Subsidy Scheme (CLSS)

Through awareness camps and spot-sanction programs, AHFL has helped increase financial inclusion and accelerate homeownership among economically weaker and lower-income segments.



Leveraging Technology to Expand Access

Aadhar Housing Finance leverages a robust digital ecosystem powered by TCS to enhance customer experience and operational efficiency. Through its website, mobile applications, field mobility solutions and digital onboarding platforms, the company enables end-to-end loan processing, customer account tracking, digital payments and service requests. Collection and

sales teams are equipped with mobility apps for real-time lead management and payment collections, while customer engagement channels provide seamless interactions. These digital applications, supported by analytics and automation, enable faster decision-making, improved productivity and a scalable lending platform.

Key Highlights

Digital Acquisition

25-35 mins
Door-to-Login Time

Digital Processing

100%
Paperless Onboarding

Digital Servicing ►

108,000+
Customer App Logins

The Company's extensive suite of mobility applications is designed to empower customers, partners and employees alike. These apps enable seamless access across the lending lifecycle, driving robust customer engagement, enhancing partner productivity and improving employee experience through features like virtual office solutions. With continuous upgrades to user experience and functionality, Aadhar is fostering deeper connections, greater efficiency and a more agile organisation.

Digital Collections

97%
NACH Conversion

Sales Mobility App

100% paperless On-the-go onboarding of customers and credit initiation

Customer Service App

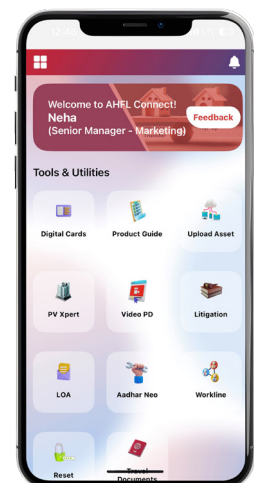
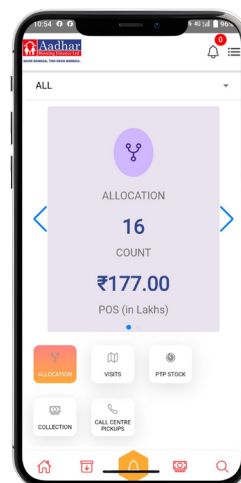
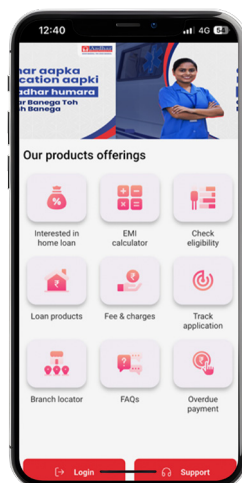
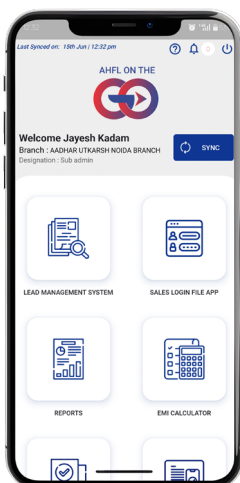
Account servicing, in-app payments, multilingual access

Collections App

Real-time tracking, digital receipts, field monitoring

All-in-One Employee App

Unified HR services for attendance, leave, payroll, performance



**Impact:
Creating Social
and Economic
Value**

By extending housing finance to underserved communities, Aadhar Housing Finance is delivering impact beyond lending.

Social Impact

- Increased homeownership among first-time buyers
- Improved quality of living and financial security
- Enhanced social mobility and wealth creation
- Greater financial inclusion in underserved geographies

Economic Impact

- Support for local housing ecosystems
- Employment generation across construction and allied sectors
- Expansion of formal credit access in smaller cities
- Contribution to India's urbanisation and affordable housing growth



Over the past few years, India's low-income housing sector has experienced a significant shift, driven by rising demand for homeownership across Tier 2 and Tier 3 cities. Improved infrastructure, expanding economic opportunities, rapid urbanisation, and growing aspirations among first-time homebuyers have created a strong foundation for sustained growth. At the same time, HFCs have emerged as trusted financial partners, with increasing customer confidence in their ability to provide accessible, flexible, and timely housing finance beyond traditional banking channels. At Aadhar Housing Finance, we remain committed to enabling homeownership through prudent lending, digital innovation, and deep regional outreach, helping thousands of families realise their dream of owning a home while contributing to India's long-term economic and social development.

Mr. Rishi Anand, MD & CEO, Aadhar Housing Finance Ltd.

**Way
Ahead**

As India's housing demand increasingly shifts beyond metropolitan centres, the next phase of growth lies in smaller cities and aspirational districts. Through its deep market presence, technology-enabled underwriting capabilities and focus on informal-income borrowers, Aadhar Housing Finance is demonstrating how affordable housing finance can become a powerful vehicle for financial inclusion and social transformation.

By empowering essential economy workers and first-time homebuyers, the company is not merely financing houses—it is helping millions of families realise the dream of homeownership and participating in the broader story of India's inclusive growth.

Chapter 7 Future Outlook 2030

Housing finance is becoming more than a loan.

India's housing finance market may still appear underpenetrated today, but the next decade could fundamentally reshape the scale and structure of home lending in the country.

By 2030, housing finance is unlikely to remain just a banking product.

It may increasingly evolve into a digitally orchestrated financial infrastructure platform spanning lending, distribution, underwriting, servicing and embedded credit ecosystems.

Five structural shifts are likely to define that transition

1. Housing Loan-to-GDP Could Reach ~18%

India's home loan-to-GDP ratio currently stands ~11–12%, far below developed markets like the US and UK.

As income formalisation, urbanisation, and credit penetration deepen, housing finance could become one of India's largest long-duration retail asset classes.

The next phase of home loan growth is expected to be driven less by metros alone and increasingly by Tier-2 and Tier-3 India.

2. Digital Sourcing Could Cross 70%

Home loan discovery and customer acquisition are steadily shifting toward:

- **Aggregator platforms**
- **Embedded finance ecosystems**
- **Assisted digital journeys**
- **Online marketplaces**

By 2030, digital sourcing could dominate home loan acquisition flows, significantly reducing dependency on purely branch-led origination models.

Platforms like Urban Money, Paisabazaar, and BASIC Home Loan reflect the early stages of this transition.

3. Account Aggregator Could Become Core Home Loan Infrastructure

The Account Aggregator framework may become one of the most important underwriting layers in housing finance.

Consent-based access to banking and financial data can materially improve underwriting visibility, especially for:

- **Self-employed borrowers**
- **Informal-income households**
- **Thin-file customers**

As home loan growth expands beyond traditional salaried borrowers, AA infrastructure could significantly widen formal credit access.

4. Affordable Housing Could Drive Most Incremental Growth

The next home loan expansion cycle is expected to come increasingly from affordable and emerging borrower segments rather than premium urban housing alone.

Affordable HFCs, co-lending structures, and specialised underwriting models are likely to play a much larger role in deepening penetration across semi-urban India.

5. AI-Driven Underwriting Could Become Standard

Home loan underwriting is gradually moving from document-heavy verification toward data-enabled risk intelligence.

By 2030, AI-driven systems could become standard across:

- **Income assessment**
- **Fraud detection**
- **Borrower profiling**
- **Property verification**
- **Portfolio monitoring**



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